Daily Report

Latin America

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FBIS-LAT-90-224 *20 November 1990*

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Cuba

Hart Discusses Merits of Revolutionary Ideology

PA2011042090 Havana International Service in Spanish 0100 GMT 8 Nov 90

[First part of "exclusive" interview with Culture Minister Armando Hart Davalos by Pedro Martinez Pirez at the Ministry of Culture; date not given—recorded]

[Text] [Martinez Pirez] Hart, when you inaugurated the Cuban Culture Studies School at the Superior Art Institute here in Havana a few days ago, you said that in order to confront the imperialist enemy—and I quote your words—we must make a radical shift back to Cuban hero Jose Marti's political and social ideology. My question is: Why did we not return to Marti's ideology a long time ago? Is your statement self-critical, Hart? Are you admitting that our people—especially the newer generation—are not adequately informed about Marti's political and social thought?

[Hart] Approximately four or five years ago, Fidel Castro called for a correction of errors and negative trends. He followed this up by faithfully copying the Soviet Union's 1975 experience when he designed the Cuban economic structure. It was one of the country's most comprehensive designs. It included not only economic aspects but also political, social, educational, and cultural aspects.

The Cuban revolution has not been a basic strategic error in promoting the continuity of Cuban thought. On the contrary, since 1968 and even before the [word indistinct] when Fidel spoke at the Majagua centennial, he noted our revolution's inconsistencies from the times of [1933 Cuban President Carlos Manuel de] Cespedes up to now. He even said that Cuba had only had one revolution. Therefore, all our programs and plans have been made with the conviction that there is only one Cuban revolution. The revolution as it stands now is at a higher phase than where it was during previous phases. On one occasion, Fidel even said that we would have been like our predecessors if we had lived then and that our predecessors would have been like us if they were living today. This fundamental line of thought is what has saved the Cuban revolution.

In practice, however, at certain times or in specific situations, we have made the mistake of not studying in-depth or following up on some aspects of Cuban thought. Perhaps we did not adequately stress some [word indistinct] of Cuban thought, at least its historic phases. Sometimes, because of our revolutionary background, some duplication of errors could have been avoided. For example, I believe that we have to highlight some great Cuban figures—not only Marti, but others like Enrique Jose Varona—for the new generation of Cubans. He was a [word indistinct] and Cuban educator that lived in the 19th and 20th centuries. He was one of the most important figures in the entire history of Cuban thought. Enrique Jose Varona was perhaps better known in all the cultural, educational, and poltitical practices of the different revolutions that are now [words indistinct] Fidel. This is an analysis of the [words indistinct] and we are the bad ones. It is a critical study of what remains to be done. The true revolutionary person is always unsatisfied with the work done. I believe Fidel is like this, too.

We possess a critical spirit that is very strong and progressive. It leads us to admit that there are some gaps in the historical information in the hands of the younger generations that needs to be radically changed. This is the return to Marti's thought. Actually, this is not a return because we have never ceased returning to it and profit from Marti's thought to the fullest. In this way, we will become more radical, more revolutionary, and more anti-imperialist. I have used Varona as an example to illustrate how a person, who was not even a Marxist, represented Cuban thought. This way we radicalize and deepen our anti-imperialist concept.

Iraqi Tanker Presence in Havana Port Denied

FL2011033390 Havana Radio Reloj Network in Spanish 0315 GMT 20 Nov 90

[Text] On 13 November, the Hungarian newspaper NEPSZABADSAG published a report from its correspondent in Havana, Csaba Nagy, in which he said he had seen with his own eyes an Iraqi oil tanker leaving the port of Havana. This [word indistinct] news item lacks any truth whatsoever. From any point of view it is a lie which is the result of the reporter's imagination for reasons that only he can explain.

In any case, the false news item was immediately picked up by the anti-Cuban radio broadcasts sponsored by the United States, and it served the purpose of harming the prestige and authority of Cuba, whose position and behavior have been exemplary. Because of his transgression against professional ethics, which is incompatible with his accreditation, the journalist Csaba Nagy will cease as of this date to be a correspondent in Cuba, Cuban authorities have reported.

University Students Conduct Defense Exercises

FL1911145090 Havana Tele Rebelde Network in Spanish 1100 GMT 19 Nov 90

[Text] From one end of the country to another, in cities and even in remote mountain areas, students of higher education reaffirmed their commitment to socialism with the celebration of the National Day of University Defense. The university students carried out diverse activities, such as repelling helicopter landings, basic area defense exercises, and hikes to historic points in different parts of the country. Some students received the banner of ready for defense in the first stage.

Under the effects of smoke and explosions, men and women in camouflage uniforms acted with precision and efficiency in what could be considered a final exam in the process of theoretical and practical instruction.

This day of defense confirmed the university students' level of training and the importance of their participation in all areas of defense that are part of a war by all the people. Every year, on a date close to 17 November, the University Defense Sunday will be held to reaffirm that in our case, it is indeed socialism or death.

Raul Castro Addresses Participants

FL1911142890 Havana Radio Rebelde Network in Spanish 1244 GMT 19 Nov 90

[From the "Haciendo Radio" program by Carlos Santana]

[Text] Army General Raul Castro has described as magnificent the Sunday of University Defense in which some 36,000 students from the centers of higher studies in Havana City participated. Before addressing the students gathered in front of the northern terrace of the old Presidential Palace, Raul received from Felipe Perez, president of the FEU [Federation of University Students], a banner with the text: Raul, tell Fidel that we are with him.

[Begin Raul Castro recording, in progress] ...this banner, whose slogan is a synthesis of the conscience, the sense of honor, and intelligence of our youths. I will comply with the mandate that you have given me, with the conviction that today, as in the days of the Moncada, the Granma, the Sierra [Maestra], and the consolidation of the revolution, to be with Fidel is to be with the fatherland, to be identified with our hard-working people, and to be certain of the future.

I will do it, moreover, with the renewed confidence imbued by the example that over 100,000 FEU members throughout Cuba are setting for all the cowardly, mediocre people, and above all for those in the United States who still hope that they will finally be able to subjugate and humiliate Cuba. [end recording]

Raul Castro, minister of the Revolutionary Armed Forces, praised the fact that the FEU is the first organization in the country to meet its commitment of economic support to defray the expenses of the Territorial Troops Militia.

[Begin Castro recording] As you have shown today, along the length and breadth of the country, the level achieved has not only qualitatively raised and multiplied our capacity to repulse and defeat a military aggression; it also constitutes a guarantee that we will subsist in the difficult circumstances of a special period in times of peace.

To the capacity to fight is joined preparation to resist, in the most dangerous conditions, without detaining the development of the country in line with our established priorities or sacrificing the basic social achievements of the revolution, to the point that this depends on our forces and resources. [end recording]

Havana Condemns U.S. Handling of Noriega Case

FL1911193990 Havana Radio Rebelde Network in Spanish 1255 GMT 19 Nov 90

["Our Opinion" commentary by Roberto Canela]

[Text] No international law or treaty gives a country the right to use force against another country, no matter what reason is invoked. When the U.S. Army invaded Panama in December, 1989, however, the U.S. Government sought to claim for itself that exclusive right. A powerful black propaganda machine was making the claim, and many people in the world believed, in good faith, what Washington said publicly at the time.

Today, disinterested people worldwide see the falsity of the U.S. allegations. One of the justifications used by Washington was former Panamanian leader Manuel Antonio Noriega's dealings in the drug trade, to the detriment of the United States. The U.S. Government has not presented, however, so far any proof of what it alleged, and presumably, it will not be able to do so in the future, either. Such evidence would not be convincing, because today it is is obvious that the U.S. Government is engineering a fraudulent process against Noriega. This is shown by the official spying on Noriega's conversations with his lawyers, an act that, in addition to being scandalous, is a flagrant violation of the Constitution of the United States itself. It is shown by the maneuvers of the U.S. Judiciary Branch to ensure that lawyers paid by the government will be in charge of Noriega's defense. And finally, it is shown by suspicious kidnappings of people close to Noriega who have later been seen in U.S. territory.

The situation is politically difficult for the United States, which cannot give an explanation—although none could be acceptable—of the reason for the invasion of Panama. Washington has not even given the exact number of Panamanians killed in the invasion. Former U.S. Attorney General Ramsey Clark, who headed an independent commission that investigated the event, estimated that some 50,000 Panamanians lost their homes. Properly interpreted, that statement means that the U.S. Army committed an atrocious act of genocide in Panama. As far as we know, soldiers do not fight inside the homes of defenseless civilians.

The facts demonstrate with absolute clarity that Noriega was the U.S. pretext for invading Panama, and that the main reasons for it were to depose the government that he heads, dissolve the Defense Forces, impose an administration that is docile toward Washington, violate the Torrijos-Carter Treaties, perpetuate the U.S. military presence in the area, and eventually, complete a Pentagon strategic axis covering the Atlantic and Pacific that is formed of El Salvador, Guatemala, Costa Rica, Honduras, and perhaps also Nicaragua.

That is the true scandal that the United States is involved in in the Noriega trial, although perhaps it is not the only one.

Bishop Hernandez Appeals to President Bush

PA1911170990 Havana International Service in Spanish 0000 GMT 19 Nov 90

[Text] The Cuban Episcopal Church has demanded that U.S. President George Bush change his attitude toward Cuba by taking concrete actions to allow a constructive dialogue between the countries, that the economic blockade be ended, and that the Cuban people be respected. It added that the Cubans support the socialist system in an overwhelming manner. These statements were made in a letter sent to President Bush by Bishop Emilio Hernandez, which was read at the final meeting of the Cuban Episcopal Church's 82d annual synod. The meeting was held in Havana and was attended by a delegation from the U.S. Florida Episcopal Diocese.

Reverends Emilio Martinez Cumero, Griseldo Delgado, and Norma Cot, who were previously deacons of Cuban parishes, were ordained as priests during the synod. The religious people, who attended the Cuban Episcopal Church meeting, approved the work program for the coming years. This program will have the slogan: Go, Preach, and Share. The program's goal is to adapt pastoral work to Cuba's current economic and social problems.

Commentary Hits U.S. Ban on Games TV Coverage

PA2011014690 Havana International Service in Spanish 0000 GMT 18 Nov 90

[Commentary by Arnaldo Hernandez Romeu]

[Text] The U.S. Government is opposed to allowing U.S. television networks to pay Cuba for the rights to transmit the 1991 Pan-American Games.

The world is full of hypocrisy. Even the most sacred values of capitalism are shattered when the United States wants to justify, at any rate, a foolish policy. The U.S. Government is trying to impose on Cubans what kind of television programming we must see. At the same time, it is preventing U.S. citizens from watching the 1991 Pan-American Games on television. U.S. athletes will undoubtedly perform exceptionally at the games.

Not only are the U.S. people deprived of a part of their revenues to finance the insidious Television Marti, but the White House definitively refuses to allow U.S. networks to pay Cuba the transmission rights of the Pan-American Games. As usual, the International Olympic Committee has approved the said measure.

Television Marti is neither seen nor heard in Cuba thanks to the efficient jamming of Cuban technicians. Its budget, however, has been increased on the excuse that the Cubans should have free access to information. They say that U.S. citizens enjoy this right, but Washington tramples on it by obstructing the current norms to prevent a television station from paying the rights to transmit the Panamerican Games from Cuba.

Consequently, the U.S. people are prevented from following this sports event. This decision shows the vicious nature of the resources that capitalists use more frequently, among them, democracy and free access to information. We are witnessing the manifestation of a double moral standard. On the one hand, it establishes what the U.S. people must not see; and on the other hand, it tries to impose the type of television programming that another country—whose overwhelming majority reject this imposition—must see.

The various U.S. administrations have basically been reluctant to allow their people to learn the truth about Cuba. Outstanding Cuban athletes will participate and compete for the gold in many events against the U.S. guests in the stadiums of Havana and Santiago de Cuba. The ridiculous and unconstitutional quarantine imposed on Cuba forces the North Americans to pay a high price.

OCLAE Said To Denounce Mack Amendment

FL1911134490 Havana Tele Rebelde Network in Spanish 1200 GMT 19 Nov 90

[Text] Jorge Arias Diaz, president of the Continental Organization of Latin American Students [OCLAE], has denounced in Caracas the Mack Amendment approved by the U.S. Congress to intensify the U.S. economic embargo against Cuba. Arias addressed the Assembly for Peace and Democratic Security that ended in the Venezuelan capital on Sunday after three days of deliberations on matters that are of cardinal importance to the region.

The OCLAE leader called for pronouncements to be made against the amendment, which forbids U.S. companies based in third countries to trade with Cuba. The amendment has already been repudiated in Mexico, Canada, and other nations.

Angolan Minister Decorates Health Workers

FL1911132390 Havana Tele Rebelde Network in Spanish 1200 GMT 19 Nov 90

[Text] Kundi Paihama, member of the Politburo of the MPLA [Popular Movement for the Liberation of Angola-Party of Labor], has emphasized the revolutionary firmness shown by Cuba in defense of socialism.

Colonel Paihama, who is also state security minister, awarded the medal of the internationalist worker to seven Cubans who concluded their mission in the area of health in that fraternal African country.

The Angola leader mentioned the optimism and faith in victory of President Fidel Castro, and said that revolutionaries worldwide, as well as many other peoples, have placed their hopes in Cuba where a great battle is being waged for the future of humanity.

Guinean President Concludes Official Visit

FL1911125390 Havana Tele Rebelde Network in Spanish 1200 GMT 19 Nov 90

[Text] Commander in Chief Fidel Castro said farewell at the Jose Marti International Airport in Havana to Division General Lansana Conte, president of the Military Council of National Recovery and of the Republic of Guinea. The Guinean president arrived in Havana on 14 November on an official working visit at the invitation of the president of the Cuban Councils of State and of Ministers.

During his visit, Gen. Lansana Conte held official talks with Commander in Chief Fidel Castro, who decorated the Guinean president with the National Order of Jose Marti. Fidel hosted a reception in honor of the chief of state of the brother African country, and accompanied him on a tour of areas of economic development in Pinar del Rio.

The Guinean delegation also toured the historic area of Old Havana, the Hermanos Ameijeiras Hospital, and Alamar, as well as the Isle of Youth special municipality.

Shortly before departing from the Jose Marti International Airport, the Guinean president held a news conference. In addressing the media, the Guinean president extended to Commander in Chief Fidel Castro and the Cuban people his wishes for their success in the development of the island. The Guinean president expressed satisfaction with the level of his talks with the Cuban president, and with the warm welcome that the Cuban people accorded him and his delegation. He also mentioned the relations of cooperation between Cuba and Guinea, which have existed in all areas for the past 30 years. As for commercial relations, contacts have already been established between the two sides, Lansana Conte said.

The Guinean president described his visit to Cuba as very important, because he was able to observe how the people are striving to solve their problems by their own means.

Gen. Lansana Conte visited sites of economic, social, and cultural interest, among others.

Inter-Caribbean Affairs

Scope Dissatisfied With Unification Process

FL1911215590 Bridgetown CANA in English 2015 GMT 19 Nov 90

[Report by Peter Richards]

[Text] Castries, St Lucia, Nov 19, CANA—Opposition parties in the Windward Islands have accused their governments of seeking to mislead them regarding plans to establish a political union of the four islands. The parties, grouped under the Standing Conference of Popular Democratic Parties of the Eastern Caribbean (Scope), wrote St Vincent and the Grenadines Prime Minister James Mitchell, expressing dissatisfaction with the manner in which the negotiations have been proceeding.

Scope said it was shocked to learn that a statement issued by the Organisation of Eastern Caribbean States (OECS) Secretariat on the outcome of a meeting between the four Windward governments and the leadership of Scope last month had shown the governments to have outlined specific proposals on the unification process. "In this document, we learn for the first time of detailed proposals from the governments which were never communicated at the Kingstown meeting, nor were they ever sent to us prior to or during the meeting," Scope said in its letter, a copy of which was released to CANA.

The letter, signed by Julian Hunte, the chairman of Scope and leader of the St Lucia Labour Party (SLP), further said the new proposals gave "the impression that they formed the basis of a submission by the governments at that meeting".

"We all know that such a submission containing such details never took place," said Scope, which has already announced it will boycott the inaugural session of a constituent assembly, which will advance plans for the proposed union. That meeting opens in St Vincent next Monday.

Scope said the proposals came "as a complete shock to us" and accused the Governments of St Lucia, Dominica, Grenada and St Vincent and the Grenadines of practising a "superficial gesture of consultation".

"We have requested so many times that the whole subject of political unification be ventilated in a climate of goodwill, so that the process of consultation with the people, and the exercise of determining social, economic and administrative viability of unification...will take place without political acrimony," Scope said in its letter dated November 16.

Scope said it was calling on the governments to hold a second meeting with its membership as they had agreed during their talks in Kingstown last month. "Unless the agreed meeting takes place before the formal opening of the regional constituent assembly on November 26, and a satisfactory consensus is arrived at between us on the way forward, Scope will not participate in either the formal opening of the assembly and the working sessions...," the letter said.

The opposition grouping told Mitchell that for democracy to triumph "at this challenging moment, we must operate in utmost good faith".

"Without this, we feel compelled to be wary of tokenism, to be distrustful of the current advocacy towards unification and to play no part in a sham," Scope said.

The St. Lucia-based OECS Secretariat said it had no comment to make on the content of Scope's letter.

UN Chief Praises Windward Unification Effort

FL1911154590 Bridgetown CANA in English 1628 GMT 18 Nov 90

[Text] Kingstown, St. Vincent, Nov. 18, CANA—United Nations Secretary-General Javier Perez de Cuellar has lauded moves by the four Windward Islands towards forming a political union.

The U.N. chief praised the effort in a letter to St. Vincent and the Grenadines Prime Minister James Mitchell, accepting an invitation to be represented at the inaugural meeting of a constituent assembly which will advance the unity initiative. The meeting is scheduled for November 26 here.

"I congratulate member states of the Organisation of Eastern Caribbean States, specifically the Windward Islands of Dominica, Grenada, St. Lucia, and St. Vincent and the Grenadines, on the progress of their efforts to bring about political unification," De Cuellar said in his letter which was released to the media here. "I am pleased to learn that these efforts will result in the first regional constituent assembly to be held in St. Vincent and the Grenadines," the letter added.

De Cuellar has designated Abdulrahim Farah, undersecretary- general for special political questions, regional cooperation, decolonisation, and trusteeship, as his personal representative "to this important event."

De Cuellar is among world leaders whom the Vincentian Government invited to the opening of the assembly. Head of the local planning committee for the assembly, Attorney-General Parnell Campbell, said a number of representatives of "overseas governments" had already sent positive replies.

The constituent assembly, which will be made up of ten members from each of the four islands, will meet here for five days of debate on the way forward to political unification. Similar meetings have been scheduled for St. Lucia, Grenada, and Dominica, in preparation for a referendum on the issue which has been scheduled for June next year.

Antigua and Barbuda

Bird Critic Defends Vere Jr. Parliamentary Seat

FL1911135590 Bridgetown CANA in English 2155 GMT 16 Nov 90

[Text] St. John's, Antigua, Nov. 16, CANA—Antigua and Barbuda's Education Minister Reuben Harris thinks former Public Works Minister Vere Bird, Jr. should be allowed to hold on to his parliamentary seat.

The local opposition has been calling for Bird, Jr.'s resignation or removal from Parliament following the report of British jurist Louis Blom-Cooper, Q.C., who probed an arms scandal involving Israeli mercenaries and Colombian drug barons. In his report, Blom-Cooper found Bird, Jr. unfit to hold public office for life, but did not recommend he be removed from Parliament.

Harris, speaking at a public meeting organised by the ruling Antigua Labour Party (ALP) Thursday night in St. John's, said Bird, Jr.'s parliamentary seat does not conflict with the Constitution. The minister, an open critic of the ruling Bird family, said he does not subscribe to the view that because Blom-Cooper had found Bird, Jr. unfit to hold public office again, he should be removed from Parliament.

"Mr. Bird, Jr. was put in Parliament by the people of his constituency and only they can remove him when the time comes," Harris said. He also quoted sections of the Constitution to support his case in his hour-long address to a relatively small gathering.

Harris also read sections of the report which were not critical of the Antiguan Government but highlighted Blom-Cooper's criticisms of the British and Israeli Governments.

Barbados

Parties Prepare Platform for Possible Elections

FL1911150090 Bridgetown CANA in English 1402 GMT 18 Nov 90

[Text] Bridgetown, Barbados, Nov. 18, CANA—Barbados' three major political parties and a prospective independent candidate were holding public meetings on Sunday night amid speculation that Prime Minister Erskine Sandiford may call a December election.

The ruling Democratic Labour Party (DLP), which launched its programme of public meetings last weekend, was mounting its platform in the heart of the suburban St. Michael south central constituency, held by opposition leader Dr. Richie Haynes. Dr. Haynes, elected on a DLP ticket, resigned as finance minister in late 1987 after a falling-out with Prime Minister Sandiford, and left the party a year later to form the National Democratic Party (NDP) with three other defectors from the ruling party.

The NDP's public meeting was scheduled for Silver Hill, a government housing area in the suburban parish of Christ Church. The Barbados Labour Party (BLP), which was the official opposition until being ousted by the NDP, was taking its message to the rural village of Market Hill in the central parish of St. George.

City nightclub owner Gordon Price, the only person so far to announce plans to contest the election as an independent, was keeping a meeting in the northern parish of St. Peter, not far from the St. James North constituency he is hoping to represent.

The weekend NATION, quoting "reliable political sources," said it seemed certain that an election would be held during the week of December 9-15. NDP

spokesman Senator Wendell McClean also supported the view that the possibility of a December poll was "fairly high," the Sunday ADVOCATE reported.

With the Barbados economy heading for a three-percent decline this year after seven straight years of real growth, the political debate so far has centred around the prospects for the economy, which is also experiencing a balance of payments problem.

The government's mandate does not expire until next May 28, and the constitutional deadline for calling the election is next August. A recent opinion poll showed the DLP as the choice among committed voters.

Dominica

'Economic Citizenship' Proposed for Investors

FL1911194590 Bridgetown CANA in English 1548 GMT 19 Nov 90

[Text] Roseau, Dominica, Nov. 19, CANA—A Dominican government minister has suggested the introduction of a special category of citizenship as part of the government's foreign investment strategy.

Under the plan, broached at the weekend by Trade and Industry Minister Charles Maynard, foreign businessmen who make substantial investments here would be granted what he called "economic citizenship", entitling them to become holders of Dominican passports.

Maynard, noting that Canada and Australia were among countries pursuing such policies, suggested this approach would be particularly useful in the island's effort to woo Far Eastern investors from Taiwan, Singapore, and Hong Kong.

However, pursuing this approach to boosting foreign investment may not be easy for a government which, when in opposition in the seventies, had accused the then labour government of indiscriminately selling passports to foreign businessmen.

"It is not the same thing as the sale of a passport," Maynard said. He added: "You are requiring the (investor) to make a tangible contribution to your development, and you are saying that because of the nature of the contribution, the person is being given (security of) tenure here."

Maynard said investors would have to be thoroughly checked before they are awarded Dominican citizenship to prevent abuse of the system.

Dominican Republic

Unity Movement Leader Claims Strike 'Success'

FL1911173090 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1607 GMT 19 Nov 90

[Text] The leader of the Popular Unity Movement [Movimiento de Unidad Popular] has said that the strike called by labor unions and popular organizations has been a success in various cities in the country. Virtudes Alvarez, spokesman for the movement, said that she has received reports of the success of the strike in the cities of San Juan, Barahona, Azua, and other provinces in the southern part of the country.

Alvarez added that the strike has also been a success in the north and east. On the basis of this, she said that the people have responded to the call for the strike issued by the popular sectors.

Virtudes Alvarez said that the strike will be maintained for five days if the government fails to seek a solution to the popular sectors' demands.

20 Strikers Arrested

FL1911173590 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1629 GMT 19 Nov 90

[Text] The National Police North Command based in San Francisco de Macoris has announced the arrest of some 20 people linked to the organizations that called today's strike. Colonel Ramon Antonio Gonzalez Contreras, regional chief of police, said that in Bonao, Cotui, Salcedo, Nagua, and other towns, the police have staged raids and arrested some people for questioning.

The police chief explained that so far, it has not been possible to locate the leaders of the organizations that called the strike in that area. Col. Gonzalez Contreras said that some 10 houses were raided in operations directed at locating firearms and the provincial leaders of the strike.

Grenada

OLADE Funds Sought for Alternative Energy

FL1911164490 Bridgetown CANA in English 1538 GMT 18 Nov 90

[Text] St. George's, Grenada, Nov. 18, CANA—Grenada is planning to approach the Latin American Energy Organization (OLADE) for funding for several energy projects under consideration, a government official said.

Energy Officer Anthony Auguste said one project would seek to expand use of solar energy on the island. The

others include a pre-feasibility study on the development of local geo-thermal energy resources and the development of hydro-electricity.

Auguste accompanied the minister responsible for energy, George Brizan, to a recent OLADE meeting in Brazil. Grenada was elected to serve on a committee which oversees the work of the Ecuador-based OLADE secretariat.

Auguste said a feasibility study had been completed on a proposed hydro-electric project in the east of the island. The project will harness the water of a river to produce between 110 and 130 kilowatts of electricity.

"We are in the process of securing funds so that the project can be started," he said. "The funding will cover the design and purchase of equipment for that station." Auguste said Grenada wanted to diversify its sources of energy in order to reduce its heavy dependence on oil and to meet growing demand for electricity.

Meanwhile, Grenada's energy diversification programme may also benefit from the establishment here of an ethanol plant which will provide fuel for electricity generation and motor vehicles. The project was announced by Jim Wright, former speaker of the U.S. House of Representatives, who headed an American business delegation on visit here last week to seek out business opportunities.

Wright, in an interview with CANA [Caribbean News Agency], said the operation of the ethanol plant would require increased production of sugarcane to ensure the supply of raw material. The project, expected to come onstream by 1995, will be established by the Tennessee Valley Authority.

Government Trashes Waste Processing Plan

FL1911144590 Bridgetown CANA in English 2140 GMT 17 Nov 90

[Text] St. George's, Grenada, Nov. 17, CANA—The Grenada Government has dropped plans for the establishment of a plant using waste to produce electricity, according to Communications and Works Minister Phinsley St. Louis.

The minister told CANA [Caribbean News Agency] the government is not satisfied that the project is worthwhile. He said contrary to popular opinion that the government had gone blindly into a tentative agreement with Waste Conversions, Limited, "the agreement was not ratified because the government had to conduct its own investigations into the proposal." Under the agreement, the Grenada Government must have ratified the document by August of 1990, "which was not done, and therefore there is no agreement in existence because the deadline for retification has passed", St. Louis said.

However, at least one other government official told a meeting recently the decision to shelve the project was taken because of public outcry against it. Health Minister Kenny Lalsingh admitted that many people were "against the establishment of such a plant here."

Opponents of the plan had said Grenada did not generate enough waste to meet the requirements for generating electricity. They said the government was not in a position to monitor imported waste to ensure that it did not contain radioactive materials.

Jamaica

Manley Said to Court Private Sector Leaders

FL1911180090 Bridgetown CANA in English 1157 GMT 18 Nov 90

[Report by Paget DeFreitas]

[Text] Kingston, Jamaica, Nov. 18, CANA—Michael Manley was always the darling of the Jamaica working class, but now he is enjoying a torrid romance with the island's private sector leaders.

"Undoubtedly, there has never been a better relationship between the private sector and any government in Jamaica," says Delroy Lindsay, the executive director of the Private Sector Organisation of Jamaica (PSOJ), an umbrella group of business interests.

This is a far cry from Manley's previous tenure as prime minister in the 70's when his government quarrelled bitterly with the private sector and drew the wrath of the United States and others in the West for its strong relationship with Cuba, Jamaica's closest neighbour.

The difference this time round is that Manley, who returned to office in February 1989 after eight years in opposition, has, like many of the current Latin American leaders, come back as a vigorous reformist, preaching limited government involvement in the economy and a dynamic leadership role for the private sector. Market forces must be the arbiter in the allocation of resources, he now preaches.

"We are making a radical change in direction which will, among other things, involve the free play of the market in the determination of prices," says Manley. "This is the only way that we will begin to ensure, in the long run, efficient use of our resources."

In essence, Manley's Peoples National Party (PNP) has, if not dumped, certainly revamped its philosophy of democratic socialism that in the 1970's led to significant state participation in the economy and policies aimed at income redistribution.

"In the 70's, the government tried to tighten regulatory controls and entered into many areas of economic activity in the hope that this would ensure justice and economic growth," the prime minister told Jamaicans recently. "We got some justice, a lot of black market activity, and no economic growth."

Between 1974, when the problems in the Jamaican economy began to be clearly apparent, and 1980, when Manley lost elections to Edward Seaga's Jamaica Labour Party (JLP), the country's real gross domestic product (GDP) declined 21 percent.

Seaga came to office touting free market principles and a programme for the private sector to become the engine of growth. In fact, Seaga started the policy of structural adjustment to bring down the public sector deficit from nearly 20 percent of GDP to more manageable levels. He also, under guidance from the International Monetary Fund (IMF) and World Bank, not only devalued the Jamaican dollar, but removed most import licences, and lowered tariffs.

By any account, Seaga had some successes. He was able to tame the fiscal deficit with a rigid structural adjustment programme and generate some growth in the economy. However, Seaga attempted to cushion some of the impact of adjustment with heavy external borrowings.

"But on the current evidence, Manley is more free-market than Seaga," says the PSOJ's Lindsay. Lindsay and others argue that the former prime minister did not follow through forcefully enough and that Seaga's centralised management style hampered the programme. Critics say that faced with falling popularity and a loss of the local government elections, Seaga used savings from falling oil prices to reintroduce some subsidies.

By the end of his tenure, serious frictions had developed between Seaga and the private sector. Manley, almost certain of winning general elections, was already in policy discussions with the group.

"The JLP wanted to deregulate according to a political rather than economic agenda," argued Lindsay. The fact is Manley, though he has spent considerable time away from his desk because of illness, has pushed through elements of deregulation at an unexpected pace.

"As it relates to the overall direction of the Jamaican economy, we are pretty satisfied," says Elon Beckford, the managing director of Jamaica Citizens Bank and president of the Bankers Association. "The present government has displayed a high level of courage. They have moved more aggressively than any of us anticipated and that is a very positive development."

That view is echoed by Peter Moses, the head of Citibank in Jamaica. "There is a feeling of excitement and challenge," says Moses. "...Some people have been surprised by the willingness and aggressiveness with which the government has moved into this new system."

Shortly after his election victory, Manley drastically slashed subsidies on a number of consumer items—a process he has continued. From more than three times that figure near the end of the 1980's, food subsidies are now down to around J100 million dollars, according to the Agriculture and Trade Minister, Horace Clarke. "We are gradually shifting from subsidies across the board to direct assistance to the needy," says Clarke. The government, having recently combed through the list to eliminate the free riders, now reckons for direct assistance.

Manley followed through on Seaga's divestment programme to sell off a dozen state-owned hotels, of which only a few are still on the portfolio. Advancing Seaga's privatisation initiative, he sold additional shares in Telecommunications of Jamaica (TOJ), the holding company for the Jamaica Telephone Company and the international telecommunications company, Jamintel, to give the British company, Cable and Wireless, a 69 percent control.

More government entities are to be brought to market. For example, the National Investment Bank of Jamaica (NIBJ), the holding company for government entities, recently invited tenders for the Kingston Dry Docks, Ltd. According to Finance Minister Seymour Mullings, two more significantly held government companies, Jamaica Frozen Foods and West Indies Glass, could be soon brought to market.

The government is looking at what is to be done to the much-criticised Jamaica Commodity Trading Company (JCTC), the bulk-buying company established by the Manley government of the 1970's but which has expanded greatly since then. The International Monetary Fund (IMF) and the island's private sector would like to see the corporation totally dismantled and its monopoly import function for certain goods, including motor cars and lumber, left to private enterprise.

"All these areas are under study to see how the JCTC should evolve," says Clarke, who makes no secret of his view that the corporation, even if drastically pared down, should have a role in the future.

The administration has also brought a measure of decontrol to the petroleum sector. Price control has been removed, except for kerosene used by the poor, and fixed margins for the various segments of the industry eliminated. However, the government-owned oil refinery, Petrojam, remains the sole importer of oil.

The government initiative that has probably caused most excitement was the September 17 floating of the Jamaican dollar to allow for a market-determined exchange rate. This followed the removal of government control over interest rates and the right for Jamaicans and foreigners to operate foreign currency accounts in the island.

The fact of the floatation of the Jamaica currency—the latest of the multitude of mechanisms used since the mid 1970's to determine the rate of the Jamaican dollar—was not surprising, given the direction of the Manley government. The urgency with which it was excuted was. The move, apparently pushed along by the country's failure of last March's IMF economic performance test, necessitated negotiations for a waiver so that the programme can continue. The IMF board approved a modified

programme last week. However, Jamaican officials insist that the decision to float was their own and not a dictate from the Fund.

"It was our decision with which they agreed," says Percival Patterson, the deputy prime minister and minister of planning and production. "And once we went for a market-determined rate as we have opted to do, the Fund could take a more relaxed attitude to other areas of the programme, including, for instance, how we deal with arrears." What is clear is that the administration felt it had no viable option. "We have not been able to maintain a fixed exchange rate," says Central Bank governor, G. Arthur brown.

Under the current system, commercial banks operate in the foreign exchange market on their own account and not, as previously, as agents of the Central Bank. They offer any rate they want for foreign exchange coming into the system, though the Central Bank has control over earnings from foreign tourism transactions, the bauxite, sugar, and banana industries.

Commercial banks get other inflows but must sell the Central Bank 25 percent of their intake at a rate that is weighted average of all the rates quoted by the banks. More exchange liberalisation will come onstream this month, but some people believe that the government should have immediately removed all exchange controls instead of a gradual dismantling.

"I am not convinced that I like the piecemeal approach," says Anthony Barnes, the president of the Jamaica Manufacturers Association (JMA). "I would have liked to have seen the whole system freed up immediately."

But with foreign reserves at minus U.S. 500 million dollars, and the potential for capital flight in the immediate aftermath of dumping exchange controls, and the need to service a U.S. 4 billion dollar foreign debt, government officials argue that it is prudent to be cautious.

Says Patterson: "We have done as much as we can do right now. We have taken bold management steps. I don't think we can be irresponsible."

St. Lucia

Geothermal Development Urged Despite New Power

FL1911192090 Bridgetown CANA in English 1643 GMT 19 Nov 90

[Report by Peter Richards]

[Text] Castries, St. Lucia, Nov 19, CANA—St. Lucia on Sunday turned on a new multi-million dollar power station capable of providing the entire island with electricity, but officials still stressed the importance of developing local geothermal energy resources.

Deputy Prime Minister George Mallet said while the EC 90 million dollar (one EC dollar = 37 U.S. cents), fuel-operated plant would boost national development, the Gulf crisis had shown the need for the island to develop its own energy resources.

"The Gulf crisis and the oil crisis have made the need for finally assessing the possibility of the use of geothermal energy as a source of generating power even more urgent," he told the ceremony to launch the electricity plant at Cul-de-Sac, just outside the capital.

Mallet, deputising for Prime Minister John Compton, said, however, that for the geothermal project to become viable, it would need to produce 10 megawatts of power. In 1988, the government reported that the most successful drilling at the volcanic sulphur springs at Soufriere, east of here, had resulted in the production of 4.5 megawatts of electricty.

"The determination of whether (there exists) a large enough reservoir of steam for this purpose...is often drawn out and costly," Mallet said.

He said the project had been handed over to the St. Lucia Electricity Services Limited (Luclec) "to determine the long-term viability" of the venture, but expressed confidence that geothermal energy would be the island's main source of electricity in the future. Mallet said the opening of the new power plant afforded St. Lucia "an exciting and promising future."

"The growth in demand for electricity can be used as an index for economic growth," he said, noting there had been a steady increase in consumption, which in 1989 had grown by 12.1 percent. Mallet said St. Lucia's economic growth "makes it essential that an expansion programme be embarked upon," noting the new plant was just one factor. He said by 1994 a new engine would be installed at the plant, doubling its capacity.

The new power station was built with funds from the European Development Bank, the St. Lucia Government, and Luclec.

Mexico State Election Results Announced

PA1911155490 Mexico City Red Nacional 13 Imevision Television in Spanish 1313 GMT 19 Nov 90

[Text] Last night the electoral board of the State of Mexico reported the results of the 11 november elections. Out of 121 municipalities in which elections were held, the Institutional Revolutionary Party [PRI] won in 116 municipalities.

The high absenteeism rate, between 65 and 67 percent, continues to be noteworthy. This again makes us all wonder. This past weekend, Ernesto Ruffo Appel [not further identified] said that something was adversely affecting the relationship between the political parties and the citizens. This unknown something continues to be the basic problem of political parties, regardless of the election results.

In its Sunday evening session, the electoral board did not certify the victory of Maria Eugenia (Presbitero), the PRI candidate in district 30, Naucalpan, but it did certify PRI victories in 33 districts.

The electoral board reported that there is enough evidence to declare the election in district 30, Naucalpan, null. The electoral commission, which will begin working in two days, will have the final word on the subject.

The electoral board also certified 23 minority deputy offices to the various parties. The PAN [National Action Party] received nine deputy offices; the PRD [Party of the Democratic Revolution] received nine; the Cardenist Front for National Reconstruction Party received three deputies; the Mexican Democratic Party, Authentic Party of the Mexican Revolution, and the Popular Socialist Party each got one deputy.

PRD representative Ruben Islas has rejected the aforementioned ruling of the electoral board. He added that the PRD will refuse to participate in the electoral commission and it is very likely to reject its eight deputy offices and councilmen positions.

Yesterday the electoral board also received the results of 121 municipalities. The results are as follows: The PRI won in 116 municipalities; the PAN and the PRD each won in two municipalities. In the Almoloya Del Rio Municipality no final results have been announced because an independent candidate won the elections, and according to the new electoral law, no citizen can participate in the elections if he is not nominated by a political party.

The PAN won in the municipalities of Otlitan (de Romero Rubio) and San Martin de las Piramides. The PRD won in Cocotitlan and Chiconcuac Municipalities.

After these results were announced and certified, the electoral board decided to reject the registration of the Zapatist Revolutionary Workers Party because it did not obtain 1.5 percent of the total vote in the 11 November elections.

Regarding the final results, Mauricio Valdez Rodriguez, PRI leader in the State of Mexico, said that the victory of the PRI candidates in the 34 districts and 116 municipalities is legitimate, fair, and unquestionable. Valdez reported that the electoral commission will certify the triumph of Maria Eugenia (Presbitero) in Naucalpan. He added that it has been shown that the PRI is the largest party in the State of Mexico.

PRD Supporters Block Roads in Hidalgo State

PA1911162090 Mexico City Red Nacional 13 Imevision Television in Spanish 1317 GMT 19 Nov 90

[Text] Elections were held in Hidalgo State, and as soon as the results were announced, supporters from the Party of the Democratic Revolution [PRD] blocked roads to protest the results. No one has been injured or arrested so far.

According to official results from the Hidalgo State Election Commission, 74 of the 80 municipalities were won by the Institutional Revolutionary Party. (Santiago Tultepec) Municipality was won by the National Action Party and another municipality was won by the Authentic Party of the Mexican Revolution.

Captain Eduardo Cano, president of the election commission, talked about the roadblocks.

[Begin Cano recording] Members of the PRD blocked the federal highway between Pachuca and Tulancingo at (Pasoyucan) Municipality. They also blocked the road between Mexico City and Tuxpan in (Xinguilucan) Municipality, mainly the stretch between Piramide and Tulancingo. The government secretariat is currently holding talks with PRD leaders to see if the people will end the roadblocks and stop obtructing traffic in that state.

[Reporter] Has anyone been injured?

[Cano] Fortunately not. Demonstrations have been held, but we have received support from party leaders who understand that confrontations are useless. [end recording]

In four of the municipalities, none of the candidates won by a majority, therefore, on 25 November the electoral college will decide their situation and determine the validity of the protests filed by the political parties.

El Salvador

FMLN Commander Martinez on Negotiation

PY1911143690 Santiago ANALISIS in Spanish 12-18 November 90 p 38

[Interview with Ana Guadalupe Martinez, commander of the Farabundo Marti National Liberation Front, FMLN, by Luis Garrido; place and date not given.]

[Text] [Garrido] Does the negotiation with the government mean that the FMLN proposal has been defeated?

[Martinez] Not at all, the historical concepts have changed because of our struggle and the evident change in the international scene. Therefore, rather than feeling defeated we feel victorious. You must remember that the United States upheld and concentrated all its efforts, as a foreign policy principle, on the defeat of our movement. Now after 10 years, you see us sitting at a negotiating table at the United Nations, as equals with the government.

[Garrido] This means that you now favor a political alternative rather than a military one...

[Martinez] No, if the military alternative becomes weak, the political alternative will also become weak. Until the process of social change is consolidated we cannot deactivate the revolutionary Army because we would run the risk of returning to the past, returning to—if not a dictatorship—a system in which the Salvadoran bourgeoisie would prevail.

[Garrido] Why did you change your relations with the United States, from rejection to willingness to talk?

[Martinez] It is not really a change because we have said that we would rather talk with the owner of the circus than with the clowns. Therefore, we recognized that the United States is a western power and since we live in the same hemisphere, we must cooperate and maintain friendly relations in a changing world.

[Garrido] Has the downfall of the Eastern European socialist systems influenced this alternative?

[Martinez] Yes in part, because although our main purpose is national reality we had an international ideological reference which collapsed overnight, affecting the third world balance.

[Garrido] As a result of these events, do you think that the Latin American left should renew itself?

[Martinez] If we take into consideration the revolutionary objectives of the left, the socialist program that collapsed is obviously no longer valid. However, those programs based on national realities are valid. I think that the left must renew itself because renewal will allow us to leave behind many dogmas and clearly see reality.

[Garrido] And if the war stopped today, what would you do?

[Martinez] Maybe I would continue studying in medical school, but who knows, if war ends it will be because we reached our objectives and we will obviously have a lot to do organizing the people.

Guatemala

* CNR, URNG Call for Constitutional Assembly

91CA0015A Mexico City LA JORNADA in Spanish 26 Oct 90 pp 1, 30

[Text] Metepec, Puebla, 25 October—The meeting held by the insurgent movement, the trade union and low-income sectors, and the Guatemalan National Commission on Reconciliation (CNR) ended here today with an appeal to the Government of Guatemala, the Army, and Guatemalan National Revolutionary Unity (URNG) for direct dialogue. The latter's purpose would be to reach a national consensus whereby the interests and aspirations of all Guatemalans would be identified and defined, thus achieving national peace and reconciliation.

As a result of this fourth round of talks, CNR, the URNG general command, and the low-income and trade union sectors signed the "Declaration of Metepec, Puebla," calling for a National Constitutional Assembly. All the national sectors would participate and be represented in it, to "discuss constitutional reforms that would effectively allow for an improvement in democracy, and guarantee that it would be real and participatory in nature."

The six-page document, signed by the 23 delegates from the aforementioned sectors in attendance, and also by the URNG command and the CNR members, stresses that unrestricted respect for human rights and fundamental liberties is imperative.

It also notes that, in addition to democratic political parties and free elections, conditions are required to make the population's overall self-improvement possible, so that it can express itself, become organized, and propose and fight for its legitimate aspirations, rights, and interests.

The participants claimed that progress had been made in the process of constructing the bases for a national consensus and, through peaceful and political means, finding a viable, realistic, lasting solution, with a broad perspective, for Guatemala's serious, complex situation.

In the communique, URNG (formed in 1985 by the Rebel Armed Forces, the Guerrilla Army of the Poor, the People in Arms Organization, and the Guatemalan Labor Party) emphasizes that, to resolve the situation marked by backwardness, poverty, ignorance, oppression, discrimination, and exploitation, a legitimate institution representing the people's interests is required. All the repressive systems and laws impeding peace, violating human dignity, and threatening life must be abolished. There must also be a redefinition of the state's

role, so that it adopts economic, political, and social measures making the full participation of all sectors possible.

Both the trade union and low-income sectors, as well as URNG, underscored the need for a national dialogue, to make known and express opinions on the results of the talks between the government, the Army, and URNG.

In this connection, Monsignor Rodolfo Quezada Toruno, president of CNR, stated that, before leaving his country, he had conversed with President Vinicio Cerezo and with Army representatives who gave assurances that they would establish a dialogue with URNG.

Although no date or place has yet been set for it, there is hope that the dialogue may be held soon, to achieve peace in that Central American country.

Quezada Toruno cautioned that, so long as there are high poverty levels and no respect for human rights, this peace will be unattainable.

Commander Gaspar Ilom, of URNG, remarked that the meeting is another step toward the formation of that national consensus, which should become established as a moral and political force to make demands on the sectors still opposed to Guatemala's new awakening.

Ismael Barrios, from the Unified Trade Union Confederation, for his part, declared: "We no longer wish to return to a dark and gloomy past. We want an honest, sincere, democratic dialogue to achieve peace, which has the consensus of all Guatemalans."

The trade union leader voiced his desire that the document signed today be a step toward attaining the first URNG-Army accords, calling on both sides to show some interest, and to yield in order to achieve the kind of peace of mind that the people need.

Byron Morales, as representative of the Guatemalan Workers Trade Union, asserted that respect for Guatemala's national self-determination and sovereignty is imperative. He explained that the United States' proposal, as described by its ambassador, is to support the reconstruction and peace of the developing countries, as well as to respect the decisions of their governments.

Nicaragua

Godoy Urges Chamorro To Consider Local Demands

PA1911145990 Managua Radio Sandino in Spanish 1200 GMT 19 Nov 90

[Text] Nicaraguan Vice President Virgilio Godoy has appealed to President Violeta Chamorro's government to act seriously, sensibly, and maturely with regard to the demands raised by several mayors of the government coalition; demands which have caused disruptions of public order in country's interior. Godoy, who has been estranged from President Chamorro, met with a group of mayors and deputies of the government coalition who are heading a movement of demands and protests against the government.

Even if it is humiliating, the government is losing authority, Godoy said at the meeting. The meeting was not attended by all the mayors of the government coalition, but they support the demands. The mayors' demands include the removal of Presidency Minister Antonio Lacayo, Government Minister Carlos Hurtado, and Army General Humberto Ortega.

Both Godoy and the 5th Region's mayors and deputies accused the Chamorro government of being manipulated by the Sandinists, and of not heeding their demands which are also supported by the Bishop of Juigalpa, Pablo Antonio Vega.

The mayors have met in Managua, and are trying to form an organization of councilmen and mayors of the government coalition to direct their demands toward the government. The group's leaders include Nardo Sequeira, Humberto Castilla, Fidelina Rosas, and Azucena Ferrey of the government coalition. Ferrey was a member of the defunct Nicaraguan Resistance. The group proposes that a committee be formed of the "Let Us Save Democracy Civic Movement." Luis Alberto Carballo, who belongs to the group, said that the demand to give a post to Vice President Godoy in the government is not on their list of demands. He admitted, however, that most persons in the country are of that opinion. Carballo said that the committee is not opposed to the government. He noted that the Chamorro government is being given an opportunity to solve the conflict.

National Assembly President Myriam Arguello was present during the meeting to form this committee. Arguello hold the same ideology as Vice President Godoy. Commanders Wilmer and Waslala were also present at the meeting.

According to sources close to the conflicting parties, a document signed today by the mayors and councilmen urges President Chamorro to meet with their members, because if the negotiations with the Region 5 mayors failed, it was because the government committee lacked the power to make and carry out decisions.

Former Contra Leaders Criticize Government

PA1911164090 Managua BARRICADA in Spanish 17 Nov 90 p 4

[Report by Maria Alicia Talavera]

[Text] Former counterrevolutionary leaders rejected yesterday any manipulation of their demands, the most important one of which is access to land. They ruled out a return to the armed struggle in the country "because we do not want violence, but work."

Rodolfo Ampie ("Invisible"), a man trusted by Oscar Sovalbarro ("Ruben"), and Israel Galeano ("Franklin") agreed that the main problem for the demobilized men is

how to reinsert more than 20,000 former counterrevolutionaries into a normal life in the country.

They blamed the government, however, for not fulfilling the agreements signed on 30 May 1990.

Ampie said "we will see if COSEP [Higher Council of Private Enterprise] allocates five percent of its earnings to provide solutions to the problems of the demobilized men."

Ampie, a former officer of the extinct National Guard and responsible for the so-called "development centers" for the demobilized men, said the government has only fulfilled 18-20 percent of its promises to turn over lands.

The $30 million in aid, administered by the CIAV [International Commission of Support and Verification] is just "a base," Ampie said. He said that the "development center" project has $3 million to work with.

"The funds are not being poorly handled," Ampie said, but he did complain about "the lack of money" in providing benefits for all the demobilized men, who, along with their relatives, add up to some 94,000 persons.

The operational costs of the CIAV, according to Ampie, were four percent of the $30 million. "If another organization had done it, the expenditures would have been greater," he said in an implicit rejection of statements made by Presidency Minister Antonio Lacayo.

As for the latest incidents in Region 5 and other parts of the country, Ampie said "the demobilized men are everywhere. The mayors gave us their support" for our demands and after this movement began, "everyone began supporting our demands."

He explained, however, that "we have our clear objectives. We are not straying from our goals or being diverted from our paths. Our objectives are the fulfillment of all the promises made by the government: land, pensions for the war wounded, health services, education, technical assistance, preferential credit, etcetera."

Meanwhile, Israel Galeano "Franklin," representative of the demobilized contras in the National Agrarian Commission, admitted that some former contras have participated in the roadblocks in Region 5 "because of their desperation" about agreements not being fulfilled by the government.

He criticized some of the leaders of this movement because "they have not mentioned the demands made by the demobilized contras, who want humane conditions."

The situation, however, adversely affected the process of searching for solutions to the land problems, he said. A 50,000-manzana plot of land has already been allocated and work was supposed to continue this week.

"We cannot be instruments of anyone," said Galeano, who added that the demands made by the demobilized contras are fair "but we disagree with obstructing traffic or occupying churches and private businesses."

Galeano warned that if the government does not fulfill its promises, then the demobilized contras will lead—organized in combat units—unarmed marches to pressure the authorities.

He rejected the idea of rearming because 10 years of war only left "poverty, wounded people, and social divisions." If something similar happened again "those to blame would be those promoting violence."

"We already did our share. Those involved in party competitions up there, let them kill themselves and not use us as their instruments," he said.

'Let Us Save Democracy' Movement Issues Appeal

PA2011005290 Managua Radio Corporacion in Spanish 2331 GMT 19 Nov 90

[Communique issued by the Region 5 Let Us Save Democracy Civic Movement in Managua on 18 November; read by announcer]

[Text] To the Nicaraguan people, to Her Excellency the president of the Republic, and to the democratic peoples of the world:

The Let Us Save Democracy Committee of Region 5, meeting at Conapro [National Confederation of Professional Associations] on 18 November has received the support of mayors, councilmen, and deputies of Regions 2, 3, 4, and 5, and has decided:

A. To admit that despite the willingness of the Region 5 Dialogue Commission to reach an agreement, no progress was made because the government delegation was not capable of making decisions that would satisfy the following most pressing needs:

1. The removal of Region 5 soldiers who have constantly repressed the people and violated the human and civil rights of the people.

B. To report that we have established that:

1. The military convoy did not follow the presidential orders to remain in Gui Salhua and advanced to Las Palmas, Las Vainillas, Lobago, and Santo Tomas, attacking civilians—many of whom were asleep while guarding the check points—whom they found along the way.

2. The government-sponsored radio and television stations are misinforming the people and distorting the truth.

3. The talks were suspended because it will be impossible to implement the few agreements reached.

C. To appoint a temporary commission of mayors from the various regions to:

1. Convoke a meeting of UNO [National Opposition Union] deputies, mayors, councilmen from throughout the republic to be held on Wednesday, 21 November, at 0900 at the Olof Palme Convention Center.

2. At this meeting the number of the Let Us Save Democracy Commission members will be ratified or expanded. National Assembly representatives are also on this commission.

3. The members of the temporary commission are: Region 2, Mayor Luis Manuel Cayo; Region 3, Arnoldo Aleman Lacayo; Region 4, Silvio Canales Ortega; Region 5, Armando Pincer Barquero; Region 6, Frank Lanzas Tercero; and the following deputies: Azucena Ferrey, Nardo Sequeira, Humberto Castilla, Fidelina Rojas, Rosa Buitrago; and the former Nicaraguan Resistance representatives: Commander Waslala and Commander Wilbur.

Issued in Managua on 18 November 1990.

Region 5 Returns to Normal; Roadblock Cleared

PA1911194190 Managua Domestic Service in Spanish 1819 GMT 19 Nov 90

[Text] Region 5 returned to normal without any disturbances after the blockades were cleared from El Rama raod yesterday. The Nicaraguan Government ordered army and police troops to clear the roads, which had virtually been taken over by demobilized groups.

Reports from Chontales indicate that the operation to clear the road was carried out without any mayor incident, and in fact, some citizens helped.

This morning several vehicles loaded with vegetables, plantains, and cheese went to Managua to ease the food shortages.

Aristides Sanchez Set Free; Flies to U.S.

PA2011023090 Panama City ACAN in Spanish 0150 GMT 20 Nov 90

[Excerpt] Managua, 19 Nov (ACAN-EFE)—Official sources, who prefer to remain anonymous, have confirmed that former "contra" leader Aristides Sanchez, who had been arrested on 15 November, traveled to the United States today after he was freed by Violeta Chamorro's government.

Sanchez, 47, traveled at 1850 this afternoon on a Costa Rican airline LACSA flight, the same sources told ACAN-EFE.

The sources added that the government will issue a communique within the next few hours to provide more details.

Aristides Sanchez, a former adviser to the "contras," was arrested on 15 November in Managua. He was accused of being chiefly responsible for a plan against the Chamorro government, which is facing a protest of mayors who are backing the former rebels. [passage omitted on background material]

Government Issues Communique

PA2011044990 Managua Domestic Service in Spanish 0349 GMT 20 Nov 90

[Communique issued by the Government Ministry dated in Managua on 19 November; read by Frank Cesar, director of the Government Ministry—live]

[Text] Communique

The Government Ministry hereby reports the following to the Nicaraguan people and the international community:

1. Communiques previously issued by this ministry have publicized the facts about the arrest of Mr. Aristides Sanchez Herdocia, and the appropriate authorities ascertained during the investigation that the prisoner was in a poor state of health. This was confirmed by the professional statement issued by Doctor Jose Angel Montiel.

2. For humanitarian reasons that the urgency of the case made necessary, Her Excellency President Violeta Barrios de Chamorro issued precise instructions to the government minister so that, in abidance by the police laws, Mr. Sanchez Herdocia was issued a provisional permit so that he could leave the country and travel to the United States of America, where he will soon be attended to by medical specialists. The orders were carried out this evening.

3. The Government Ministry wishes to clearly state that Mr. Sanchez Herdocia enjoyed medical attention and services; the visit of his relatives; and the visit of CIAV [International Commission of Support and Verification] observers and Cardinal Miguel Obando y Bravo's delegates while he remained in custody. It is also necessary to state that when Mr. Sanchez Herdocia testified before the police, he personally requested the authorization to travel abroad for the above mentioned reasons. This has been granted in strict abidance by the law.

Issued in Managua, on 19 November 1990.

Sanchez Letter to Sovalbarro Read

PA2011053290 Managua Domestic Service in Spanish 0408 GMT 20 Nov 90

[Letter sent by former contra leader Aristides Sanchez to RN (Nicaraguan Resistance) Commander Oscar Sovalbarro, alias Commander Ruben; date and place of letter not given—live; read by Frank Cesar, director of Government Ministry]

[Text] Mr. Oscar Sovalbarro:

We send greetings from El Chipote to you and all the other brothers of the Nicaraguan Resistance's [RN] Civic Association. I am doing well. During these days of solitude, I have thought a lot about you, the great affection I have for you, and my concern for the boys' fate.

We must recall that we are all civilians and must act as such. Everything is attainable if we act with dignity and within the framework of the law. There is no need to lend ourselves to serve the interests of politicians who are seeking to achieve power.

Politicians and parties have interests, and our people have needs [words indistinct]. Political interests create nothing but problems for us; in fact, we could even lose what the government committed itself to giving us.

We have aleady had some experiences. RN politicians are all doing well and occupying lofty positions, and you are growing poorer by the day. I believe that the solution is to achieve the pending objectives that Mrs. Chamorro said that she would honor to the letter.

Remember that those have already been discussed. Try to reach an agreement to have those objectives fulfilled and pay no attention to the mayors or the crazy people of the southern front. Your obligation is to obtain land, houses, disarmament of civilians, loans, and other pending goals.

Request an additional representative before the Agrarian Commission and try to obtain the trust of the Government Ministry and the police. You will have to coexist with them and they can help you.

Commander Vivas has good ideas and could help you obtain more things for the boys. It is advisable for you to reach an agreement as soon as possible with the government aside from the mayors. Remember that there are 11 points that the government must comply with. Try to negotiate nothing more than a schedule to comply with them, because these points have already been agreed upon and must be negotiated separately from the other points.

I must leave for Miami for some time. You know about my ailment and I must undergo surgery. Recovery takes a long time. I will continue, however, to support you by trying to obtain funds for the agricultural projects. Remember that you have a brother in Miami.

Greetings,

[Signed] Aristides Sanchez.

Sanchez Testimony Presented

PA2011055490 Managua Domestic Service in Spanish 0358 GMT 20 Nov 90

[Testimony rendered by Aristides Sanchez Herdocia dated in Managua on 19 Nov; read live by Javier Lopez, chief of the Department of Police Proceedings; place not given]

[Text] Jorge Aristides Sanchez Herdocia, a Nicaraguan citizen whose personal data is known to this Department of Police Proceedings [Departamento de Investigacion Policial] and who is under police investigation, appeared before the chief of Police Proceedings, whose signature appears at the bottom of this document, in Managua at 0710 on Monday, 19 November 1990. Of his own free will and in a spontaneous manner, Sanchez Herdocia expressed his wishes to expand on his testimony given at 1020 on Friday, 16 November 1990. This testimony is included in this Police Proceedings file. Sanchez Herdocia indicated the following:

That the demobilized members of the Nicaraguan Resistance [RN], now a civic movement, are concerned because the Nicaraguan Government has not kept its promises to them. This situation has created several problems within the organization. Some of the main reasons for concern are: the difficult economic situation that most of its members confront, and the problem regarding their personal safety in light of the large number of weapons that are illegally in the hands of large sectors of the Nicaraguan population.

That these just concerns have been manipulated over the past few days by leaders of a coalition of political parties called UNO [National Opposition Union]. That UNO is aware of the needs of the former Nicaraguan Resistance [RN] rebels and tries to get them involved in actions that upset the public order, such as what occurred in the country's various regions—chiefly in Region 5—and the tragic events that resulted in four policemen killed and four wounded in the city of Sebaco on 13 November.

The actions of the former rebels have their origin in leadership ambitions by a UNO faction led by Dr. Virgilio Godoy and other leaders, such as Agustin Jarquin Anaya, Humberto Castilla, Arnoldo Aleman, and Azucena Ferrey. All these actions within the coalition are due to internal differences over Mrs. Violeta Barrios de Chamorro's goverment. This explains what is behind the mayors' movement and the participation of former RN rebels. He [Aristides Sanchez] said, however,that even though the groups themselves are different, so are their interests. He said that he knows from personal contacts the detainee has with those frustrated sectors of the mentioned UNO coalition, of a plan of theirs. In a few words, this plan is to make Nicaragua ungovernable by causing chaos and anarchy between the social groups that oppose and resent the central government. This is a basic method of struggle against Mrs. Chamorro's emotional stability because they consider her personality to be similar to Mr. Arturo Cruz' personality and that all these pressures would force her to resign and enable Dr. Virgilio Godoy Reyes to become president.

That because it is not prudent or politically wise to go directly against the president, the attacks have been aimed against Engineer Antonio Lacayo because he is [Chamorro's] son-in-law and her principal adviser. He adds that Azucena Ferrey held private meetings with former RN commanders, during which she has tried to influence them to obtain their unconditional support for these plans. He recommends that the former RN commanders ensure that his members know how to tell the difference between the interests of each group. He insists that his movement has never requested the resignation of high-ranking government officials from their posts

because he considers this useless and completely outside the most basic former RN rebel claims.

When asked once again about the cypher system and the military documents found at the place known as La Casona [big house], he insisted that he knew nothing of their origin because this organization still works under a compartmentalized system; that he does not actively participate in military affairs; that these documents meant there was something serious and worrisome; and that in any event, Commander Ruben must clarify this.

He asks the president of the Republic, Mrs. Violeta Barrios de Chamorro, to grant him the authorization to travel to the United States of America because, as everyone knows, he has heart problems and he is currently scheduled to undergo open-heart surgery in that country.

He insists on stating that it is unfair that he is the only one blamed for the current situation. He says that he feels like he is being blamed for the plans and responsibilities that others—like the ones already mentioned—should answer to and explain to the appropriate authorities.

Not having anything else to state at the moment, the current testimony is closed. Once read and found correct by the person who testifies, it is signed in the presence of the 3d Region District Attorney's representative.

Signed by the police inspector, the police chief, the person who testifies—in this case, Mr. Sanchez—and Doctor Ninoska Arguello Arguello on behalf of the 3d Region District Attorney's office.

Central Bank Announces New Currency Devaluation

PA2011013590 Managua Domestic Service in Spanish 1343 GMT 19 Nov 90

[Text] The Central Bank of Nicaragua at pre-dawn today reported that the current Nicaraguan cordoba reached an exchange rate of 1,850,000 to the U.S. dollar.

In accordance with this new devaluation, the price of gasoline this week will be 4,532,500 cordobas a gallon and kerosene and diesel 2,497,500 cordobas a gallon. These are the so-called popular fuels. In addition, the 10 lb cylinder of butane will cost 4,162,500 cordobas, the 25 lb cylinder will cost 10,281,000 cordobas, and the 100 lb cylinder will cost 41, 044,000 cordobas.

The impact of these prices will surely be felt in the collective transportation system. The intercity bus fare was 250,000 cordobas until yesterday. Nicaraguan workers and citizens will have to spend more money for other products, such as medicine. Such prices will become too high for them to afford.

Panama

Endara Plans 'Strong Measures' on Strike

PA1811200790 Panama City LA PRENSA in Spanish 18 Nov 90 p 1

[Report by Vilma E. Figueroa B.]

[Text] President Guillermo Endara has called the workers' decision to carry out a strike on 5 December unjustified. Heeding the advice of his two vice presidents and the Cabinet Council, he noted that he will adopt "strong" measures to deal with the announced nationwide strike.

The president made this statement on his arrival at Tocumen Airport from Japan. At the airport, he was warmly greeted by the two vice presidents—Ricardo Arias Calderon and Guillermo Ford—state ministers, and a large group of Arnulfista Party supporters. A small musical group livened the reception.

According to the president, the strike is not legal. He said that anyone who has read the Labor Code knows this, and that the government "will always take action" to check illegality. Therefore, he added, the authorities will adopt strong measures regarding the workers, but always with a democratic attitude.

During a general assembly yesterday the workers decided to hold a nationwide strike to demand payment of the 13th-month bonus and respect for the workers' achievements. The organizers of the strike expect to have the support of private enterprises. They want to paralyze the Colon Free Zone, the Paso Canoa border post, ports, and various state entities.

Endara believes that the government "has already talked" with the workers. He said that during a meeting he had with them, he told them that—with the exception of the demand for the creation of a civil service career, which was a promise the Civic Democratic Opposition Alliance made during the past election campaign—their demands "cannot be satisfied."

The president said that he appointed a commission composed of three state ministers and Comptroller General Ruben Dario Carles, and that the workers held extensive talks with them. "I don't know what else they want," Endara said. "My commission answered the workers' demands exactly like I did and there is nothing else to discuss."

President Endara said he is open to dialogue. He pointed out, however, that he has proposed that the workers hold talks with important government officials, but the workers want an affirmative response that "we are not going to give them."

Regarding his trip to Japan, the president reported that the crowning of Akihito allowed him to discuss various issues with Japanese Government officials and to verify

the interest Japan has in helping our country, considering that much of that country's economic vitality circulates through the Panama Canal.

Endara said that although no agreement in particular was reached, the Japanese told him that they will form part of the Economic Support Group which will aid Panama in its economic reconstruction.

Vice President Ford to Labor: 'Go To Hell'

PA1811212090 Panama City CRITICA LIBRE in Spanish 18 Nov 90 pp 48, 22

[Report by Justino Gonzalez Jr.]

[Text] Vice President Guillermo Ford has announced that he told labor leaders who are demanding that the government satisfy a list of labor demands to "go to hell," and called them "asses and clowns." The workers, meanwhile, decided to carry out a nationwide strike and to march on 4 and 5 December.

The workers made their decision yesterday, during a meeting at the University of Panama by representatives of 63 organizations that comprise the "Coordinating Board for the Right to Live."

As the workers' meeting was taking place at the University of Panama, Vice President Ford, during a political meeting of his party—the Nationalist Liberal Republican Movement—challenged the labor union people "to paralyze the country." He stated: "The rules of the game are going to be settled and masks are going to be removed."

"Asses," the vice president warned during a heated speech, "we were not afraid of the dictator when he was in power, and you were in with him. Go and take to the streets and see what will happen."

Orlando Winter, leader of the Union of Workers of the Institute of Hydraulic Resources and Electrification, has answered by saying that Ford, who is also minister of planning and economic policy, will have to fire the majority of the workers. He took on Ford's challenge.

Ford described the members of state and private enterprise labor unions as "clowns who were fed by the dictatorship." He said: "I told them to go to hell for the arrogant and threatening way in which they address government authorities."

Winter explained that the decision to call for a march and a nationwide strike was made because the deadline given to the government to respond to the workers' demands had expired on 14 November.

He said that the government has been disrespectful toward the workers and has tried to drag out the meetings. He noted that if the government gives the union people an answer before 5 December, the national strike will be canceled.

Government Issues Response to Worker Demands

PA1911204290 Panama City CRITICA LIBRE in Spanish 19 Nov 90 pp 8, 9

[Government letter addressed to the Coordinating Board of State Workers, issued in Panama City on 16 November]

[Text] Coordinating Board of State Workers

Dear Sirs:

The Panamanian president appointed the undersigned to consider the "List of Demands" you presented. Several meetings were held to analyze your demands. The following is the summary of the National Government's reply.

First Demand:

"No to the privatization of state enterprises or of some of their activities."

Reply: The government cannot give up its constitutional duty to direct the country's economy. In keeping with that duty, the government has approved a plan to develop and modernize the state and has issued pertinent guidelines. The plan includes the privatization of essentially commercial and industrial state enterprises. This plan does not include state enterprises which provide public services such as the IRHE [Institute of Hydraulic Resources and Electrification], INTEL [National Telecommunications Institute], IDAAN [National Water and Sanitation Institute], the Port Authority, and much less the state universities.

Second Demand:

"The repeal of the laws amending the Labor Code."

Reply: The amendments to the Labor Code whose repeal is requested are those contained in Law 95 of 1976, Law Eight of 1981, and Law One of 1986. The government believes those laws are advisable as part of the body of laws that regulate relations between management and labor and that, therefore, their repeal is inappropriate.

Third Demand:

"A halt to dismissals and the immediate reinstatement of the labor leaders of the state sector."

Reply: The number of dismissals in the public sector is much lower than the high figures you mentioned. The dismissals are based on Cabinet Decree Number One of 1989 and Cabinet Decrees Numbers 20, 21, and 48 of 1990, which empower the National Government to begin housecleaning in the public administration. The government will not shun that responsibility.

The request for the reinstatement of union leaders, merely for being such, cannot be met. Such leaders were dismissed because they committed punishable actions and this has been upheld by the proper courts which have rejected reinstatement demands.

As for the employees covered by maternity benefits, the reported cases will be investigated.

The request for the reinstatement of leaders of Fenasep [National Federation of Associations of Public Employees] lacks legal grounds. In addition, the dismissal of such leaders was due to proven links with the outrages committed by the dictatorship.

Fourth Demand:

"Payment of the 13th month bonus and other bonuses."

Reply: The suspension of the 13th month bonus was ordered by the previous government because of the grave economic situation prevailing in the latter period of the dictatorship. This economic situation still exists. Because of this, the national government reiterates that it is not in a capacity to assume this commitment, which exceeds 55 million balboas a year. At this time, the health, housing, and education needs have priority.

Fifth Demand:

"Respect for labor laws, internal regulations, and agreements reached with the state sector labor organizations."

Reply: The national government is obliged to fulfill and enforce the constitution and the law; therefore, it reaffirms its total respect for labor laws and the agreements reached with the organizations of the state sector.

Nevertheless, the government believes that the internal regulations approved in some state institutions are inconsistent with the existing constitutional and legal order and, therefore, they have not been implemented.

Sixth Demand:

"Respect for the labor organizations and their leaders."

Reply: It is recognized that the labor organizations are an essential part of a state of law. Therefore, respect for them and their strengthening form part of the government's general policy.

As far as the public sector is concerned, shameful practices of the recent past, which you well know, have been prohibited. These include forcing government employees to attend public demonstrations and to register in political parties.

Seventh Demand:

"The repeal of the war decrees, as well as the anti-labor decrees issued by the current government."

Reply: The decisions made by the national government have invariably sought the attainment of goals consistent with the country's high interests under the limitations imposed by the prevailing economic and financial situation. Therefore, those decisions have not been based on the misnamed "Laws of War."

Nevertheless, the executive branch will prepare and submit to the legislative assembly draft laws to repeal such legislation and to regulate the topics to which such legislation refers.

The government has not issued "anti-labor" laws and that is why it rejects your assertion that Law 13 of 11 October 1990—by which collective contracts are extended, other measures are adopted, and the multisector export zones are created—is anti-labor. This law has the basic objective of improving the labor field and combatting unemployment, a leading anti-labor scourge.

Eighth Demand:

"Compliance with the regulations on positions, functions, classifications, wage scales, and evaluations."

Reply: Respect for these regulations on personnel administration is guaranteed, with the reservations imposed by the state's financial capacity and as long as they do not violate the current legal order.

Ninth Demand:

"Ratification and implementation of Agreement 151 of the ILO [International Labor Organization]."

Reply: As you know, the agreement whose ratification is requested dates back to 1978 and was rejected by the previous government.

This government will not present this agreement for the ratification of the national assembly because it considers it to be inconsistent with the constitutional order.

Now then, the area to which the agreement refers will be considered within the context of the Civil Service Law that is mentioned in the reply to the 11th demand.

Tenth Demand:

"The autonomy of state enterprises must be respected."

Reply: The autonomy of the decentralized institutions has always been and will continue to be respected, with strict adherence to the administrative, fiscal, treasury, and budget controls that the constitution and the law establish.

Eleventh Demand:

"The approval of a scientific and democratic civil service."

Reply: From 1960 to 1968, constitutional governments established civil service, but it was ignored and rejected by the governments that emerged after the 1968 coup d'etat.

The president, in fulfillment of repeated promises during the election campaign, has ordered the adoption of measures leading to the establishment of a civil service system which will guarantee stability for government employees and place them outside of the ups and downs of party politics. As part of that initiative, the president

has also ordered the creation of a General Wage Law that will permit a better implementation of the government's wage policy.

Twelfth Demand:

"No changes in the Social Security Fund law and other social laws that would reduce benefits."

Reply: The Social Security Fund's financial and actuarial situation is extremely serious. The government will act resolutely to guarantee the integrity of the institution and to defend the best interests of those insured, the retirees, and the pensioners.

To date, the topic is the object of an in-depth study but no decision has yet been made in this regard.

Thirteenth Demand:

"That the situation of the construction workers, the National Institute secondary school students, the war refugees, and the residents of Loma Cova be justly addressed and be satisfactorily resolved."

Reply: To the extent of its possibilities, the government is dealing with all the sectors that are requesting help with their problems. This has been the case in all the aforementioned cases.

With regard to the construction workers, it must be clarified that the Single National Union of Construction and Related Workers, SUNTRACS, negotiated with the Panamanian Chamber of Construction a complementary agreement to the collective contract and as a result, some provisions were reviewed. This negotiation was held without the interference of the Labor Ministry and with the stipulated formalities. The two sides then requested that the agreement be registered at the Labor Ministry. Therefore, this agreement is fully valid and cannot be ignored by the administrative labor authorities.

After expressing the national government's reply to your demands, it is opportune to add that, even though in the brief period of 10 months all the Panamanian problems have not been solved, the government has adopted measures for an in-depth rectification that will establish a state of law, restore the stability of institutions, restore the economy, rationalize public expenditures, and clean up the administration.

Nevertheless, the problems affecting the country are so serious and diverse that their solution cannot be the exclusive task of the government. These problems require the close cooperation between the government and those governed. That is why the national government urges the government workers and the private sector workers to think about their responsibility in the common task of national reconstruction and to refrain from undertaking activities which in no way contribute to the attainment of such a noble objective.

Sincerely yours, with our esteem and respect,

Mario Galindo, finance and treasury minister; Guillermo Ford, second vice president and planning and economic policy minister; Ruben D. Carles, comptroller general; Jorge Ruben Rosas, labor and social welfare minister

Comptroller Comments on Return of Noriega Funds

PA1711160790 Panama City LA PRENSA in Spanish 16 Nov 90 p 1

[Text] Comptroller General Ruben D. Carles has said that Panama does not have to turn any of Noriega's money over to the United States because it belongs to the Panamanians.

Carles said this when asked to comment on Attorney General Rogelio Cruz' statement that the U.S. Government would ask Panama to turn over $5 million that was found in one of Noriega's residences to pay his lawyers' fees.

"Panama has no obligation to turn that money in. Frankly, I do not see how or why," Carles said.

The money was found in one of Noriega's residences following the 20 December 1989 incidents and was delivered by U.S. authorities to the Panamanian Government.

Carles, who responded to questions by Rotary Club members, denied allegations about excessive control on public expenditures, saying that "what has happened is that in the past there was no comptroller and now there is. That's all."

Carles said that "while part of the opposition, those of us who are now in the government used to say that things had to be done differently. However, now that we are in the government we want things done the same way as before, which just cannot be."

Carles was also asked about alleged investigations conducted by the FBI on alleged money-laundering operations carried out by 18 banks in the Colon Free Zone. In that regard, he said that Panama and the United States have an agreement to exchange information on drugs, which was signed not by the current government, but by that of Noriega.

Government Ministry Corrects Comptroller Report

PA1811230590 Panama City LA ESTRELLA DE PANAMA in Spanish 17 Nov 90 pp 1, A-2

[Communique issued by Ricardo Arias Calderon, first vice president and government minister, in Panama; date not given]

[Text] Once again, the Government Ministry is forced to correct statements by some high-ranking officials of the Comptroller General who have distorted reality.

1. Regarding the number of positions in the personnel structures of the Public Security institutions, about which there have been unfair statements, we state the following:

According to figures compiled by the Comptroller General, there were 16,094 positions—with an average monthly payroll of 5,372,165 balboas—in the Defense Forces up to 20 December 1989. Those figures were exactly the same ones cited by the comptroller at the Legislative Assembly on 15 November.

According to the lists of the Comptroller General, up to 31 October 1990, there were 12,344 positions with a monthly payroll of 4,334,509 balbaos in the Public Security institutions under the responsibility of the Government Ministry—in other words, the National Police, the National Air Service, and the National Marine Service.

Comparing the figures up to 20 December 1989 and those since 20 December and up to 31 October 1990, we see a reduction of 3,750 positions and of 1,037,656 balboas in the monthly expenditure.

This decrease significantly contributes to the total reduction in the budget of the Public Security institutions when compared to the expenses that the defunct Defense Forces caused for the public treasury.

According to figures of the Comptroller General and the Planning Ministry, Noriega's military structure cost the state approximately 145 million balboas a year. However, the current budget of the Public Security institutions amounts to 75 million balboas. This represents a 70 million balboa reduction, or 48 percent.

The Comptroller General is fully aware of this. Nevertheless, this situation is publicly misrepresented in an attempt to discredit a government policy that was planned and is being implemented with the express approval of the president.

2. Regarding the checks with which the Public Security personnel are paid, about which there have also been tendencious comments, we state the following:

Everything concerning the drawing up and distribution of the salary checks for the public sector, namely the National Police, falls under the responsibility of the Comptroller General. The Comptroller General, in turn, maintains auditors in the various state institutions in order to detect such irregularities as those which have now been alleged. Therefore, if the alleged corruption exists in the drawing up and distribution of the National Police checks, this would first of all be the responsibility of the Comptroller General.

Meanwhile, in the Public Force there has been a 36-percent reduction in active service of all the officers of the extinct Defense Forces, from the rank of sublieutenant to general (408 officers reduced from a total of 1,121), and a 58 percent reduction from the rank of captain to general (134 officers reduced from a total of 229). Nothing similar has taken place in the Comptrollership, which is trying to carry out its auditing tasks in most cases with the same auditors of the past regime, who are holding the same positions. Until the Comptroller General corrects its policy in this regard, it will not have the moral authority to pass judgement on another institution from this point of view.

Dr. Ricardo Arias Calderon

First vice president and government minister

Ford Interviewed on Economic Situation

PA1711031590 Panama City Radio Guadalupe in Spanish 1226 GMT 9 Nov 90

[Interview with Guillermo Ford, second vice president and planning and economic policy minister, by Jaime Enrique Ortega and Ricky, who is not further identified, at the radio studios in Panama City—live]

[Excerpts] [Ortega] [Passage omitted] Why has Panama not requested a refinancing of its foreign debt as most countries do when a change of government occurs?

[Ford] We must divide the debt into three main groups. There is private debt, which is the debt we have with private international banks, and for which we have appointed Arturo Tapia as negotiator. Our people should realize that it is necessary to prepare a whole package that will enable the Republic of Panama to negotiate intelligently while defending the nation's sacred interests. This is a huge debt that surpasses $2 billion. In that regard, we are planning to hold a national economic council on 16 November during which the negotiator will be given the final instructions so that we can face once and for all the private debt problem.

[Ortega] So the country can better understand the problem of the $2 billion that we owe private banks, could you clarify if that $2 billion is part of Panama's $6-billion foreign debt?

[Ford] Definitely so. The $6 billion the comptroller general has been mentioning represents the total foreign debt, the total obligations of the Republic of Panama. In other words, the $2.2 billion owed to private banks is included in the $6 billion.

The other package we have to deal with, and which, thank God, we are already handling successfully, is our debt with international financial institutions such as the World Bank, IMF, and the Inter-American Development Bank. We have said this before and will repeat it again so people can understand the magnitude of the problem. By 31 December 1989, the overdue payments to those three financial institutions totaled $540 million. How will Panama pay that sum? Panama has reserved $130 million to contribute to that payment. The United States of America included $130 million in its package. This is a grant and therefore we do not have to pay it back. A support group has been established with Japan, Taiwan, and five EEC countries, with a total aid package of $130

million. Let us be clear: Sometimes we will get grants and at other times we will get soft loans. It is not that all of the countries will give us the $130 million as gifts. The $150 million needed to complete the $540-million package will be obtained through a bridge loan from the U.S. Government. That way, we will be able to pay in full the $540 million we owe. In 1990 the Republic has kept its commitments for the year up to date so that the amount in arrears will not go up. This year, we paid approximately $180 million to date. This means that once the support group was established—and I reiterate my statement upon my return from the east, the support group has guaranteed $130 million—we entered the final phase to see how we can pay that foreign debt quickly, although I cannot give you a precise timetable.

What is the advantage of paying that debt? Panama cannot live without future credit, just as no citizen can. As we pay off our debt, we become entitled to obtain new loans. It is necessary to get soft loans, which can be obtained under the best terms with these financial institutions, to fund the IRHE [Institute of Hydraulic Resources and Electrification], INTEL [National Institute of Telecommunications], IDAAN [National Water and Sanitation Institute], schools, etc. [passage omitted]

[Ricky] Yesterday I talked to members of the industrialist association. Your deputy minister said in Guatemala that Panama was economically integrated into the Central American Common Market [CACM], although the private business sector and the government are still conducting studies to determine if it is economically profitable for us to belong to the CACM. This remark has caused uncertainty within the Panamanian economic community, and I would like you to explain to us what happened and why Panama is partially joining the CACM.

[Ford] I will give a categorical answer to avoid a shock in the country's productive sector. Panama is not economically integrated into Central America. President Guillermo Endara said at the appropriate time that we must be closer to Central America for a variety of reasons, such as similarities of the markets, size, characteristics, geographical proximity, etc. I recall that, as planning and economic policy minister, I immediately said that before taking the step of an economic integration Panama had to make a profound evaluation, as we could fall into an abyss owing to the dissimilarities that exist between the Panamanian economy and the Central American economies.

We have engaged in a rapprochement so as not to lose the opportunity of having greater ties with the Central American bloc. In economic terms, we are not integrated, the decision has not been made, and we are not going to join it in the short-term until all those persons involved and the government reach a consensus on the ways to achieve that. Taking this step does seem advantageous, but we must establish the advisability for Panama and how to do it.

[Ricky] As I understand it, we now have a political rapprochement with the Central American community. This is a topic of interest to many of our listeners. So, Guillermo Ford, vice president and minister of planning and economic policy, has just said Panama's integration into Central America is just limited to political talks.

[Ford] I would just like to add that, owing to this rapprochement, we are holding talks on the advisability of certain issues. By way of example, there is the development of the Amistad Park between Panama and Costa Rica. That has nothing to do with economic integration at all; it is basically a border problem. We have obtained some funds in Europe to develop the Amistad Park. We are also holding talks on educational matters. However, there is no economic integration now, and there will not be any until we define our national policy together with all sectors.

[Ricky] Are we going to continue with the bilateral treaties?

[Ford] Yes.

[Ortega] The country is concerned over the fact that Panama no longer belongs to the Contadora Group, which is now the Rio Group. Panamanians are losing sleep over this issue for two basic reasons. Two of Panama's oil suppliers, namely Ecuador and Venezuela, belong to that group. The country knows that the price of oil has gone up. Some government officials state that the price of oil by-products may or may not go up. As minister, you must know whether or not prices will go up, and must tell the country not to harbor any hopes.

[Ford] On this point, I support Commerce and Industries Minister Juan Chevalier. He was very clear, and I will reiterate his remarks. The price Panama pays for crude oil has gone from $18 to $28 per barrel. Chevalier has succeeded in stabilizing the prices at $28 per barrel through certain agreements with Venezuela, and I congratulated him for it. Also, considering there is a $10 difference in the price of oil, and assuming the price does not go over that, the government—at my initiative—decided at a cabinet meeting to absorb the increase from September to December so as not to hurt the country's economy. You can call it a subsidy to the country, not to a specific group. That measure has cost the national government approximately $20 million. Let us be frank. The president said this in his speech to the nation. On 1 January 1991, if the price of crude oil is above $18 per barrel, consumers will pay the additional cost. The Commerce and Industries Ministry, which is tasked with handling all matters dealing with oil and its by-products, is adopting a good policy so as not to hurt consumers. The price of liquid gas is an example of this policy.

We are trying to find areas that can withstand an increase to make the burden more equitable, so as not to hurt the lower-income groups. However, the people of Panama and consumers in Panama will pay for increases in the price of oil of over $18.

[Ortega] You have come under heavy criticism for Panama's economic plan. All sectors have criticized you, especially the industrialists who comprise one of the smallest sectors of the national economy. Could you tell the country whether a defined economic plan is currently operating in the country?

[Ford] Yes it is. The critics of the plan are prima donnas. Let me say this in plain language: Those who profited—and I am not making a sweeping statement because I respect the industrialists—have made products more expensive because of the excessive benefits they have enjoyed. I am not going to begin a controversy here, because I already have had enough of that, which is not to say I am running away from one. I cannot let those pressure groups, which I refer to as the prima donnas of subsidies—I believe in incentives not subsidies...

[Ortega, interrupting] The exempted club.

[Ford] A long time ago, back in my youth, they were referred to as the exempted club. The important thing now is not to levy criticism. The government has a plan, it is implementing it, and it will implement it. We are sending draft bills to the Legislative Assembly. We are going to implement an economic plan. We invite all groups to stop being lazy and realize the country was cast adrift. We should tell the truth to the people once and for all. We are ready to do our best to move the economy ahead. It is easy to say: Do not take this benefit or subsidy away. This applies to the transportation monopolies, the Tocumen transportation monopolies, and many more.

We need political courage. However, the government has many prima donnas who are afraid of going out on a limb, while they really go out on a limb when they deceive the people.

[Ortega] Let me go back to this point. Comptroller General Ruben Dario Carles said some people have privileges in this country. From an economic standpoint, and since your ministry is tasked with drafting the budget, what do you plan to do about people who enjoy privileges? For example, Carles referred to per diem allowances. The Legislative Assembly is the biggest recipient of these allowances.

What does the government and your ministry plan to do about it? Are they going to let the legislators continue not paying taxes on their cars and enjoying all the privileges Carles mentioned yesterday? Since you are a politician, I know this question does not do you any good, but I must pose it.

[Ford] Sorry, but no answer I can give you does me any harm, as long as I tell the truth. Telling a lie—not that I purposely lie—can harm me. As a minister, it is my duty to find elements that have a positive or negative impact on the budget. Last night, I watched Carles on television talking about excessive privileges and per diem allowances. It is up to the Cabinet council, based on the recommendations by the comptroller general and the planning and economic policy minister, to finally decide what those privileges are. Let us be perfectly clear. It has always been felt that some special laws grant privileges. We must amend those laws or leave them intact. As minister, I am duty-bound to respect the law. I am obligated to include certain things that some may regard as privileges in the budget, if they are allowed by a certain law. It is not up to the planning and economic policy minister to grant privileges, but to establish if certain allowances are advisable or not and make the recommendations to the Cabinet council. Then the Legislative Assembly must amend those laws.

[Ortega] Perhaps this question has political overtones, but I will ask you because the executive branch is reponsible for this, and you are the vice president. We have discussed here the multisector zone, or the assembly for export zone. Private investors are interested in investing in Panama. I have often cited your statement that we should speak less and do more. However, Panama will have a hard time attracting investors. The disputes among political parties are creating an atmosphere of political uncertainty, and this creates uncertainty regarding investment in the country because we lack a clearly defined course of action.

I have worked very hard on this matter. In fact, I stopped coming to this program so I could be at the Legislative Assembly pushing this bill through and getting legislators interested in the bill. There is so much expectation among the unemployed that I think a priority for this goverment should be to solve the unemployment problem. Since you speak in very clear terms, what do you think we must do to solve this problem and remove the cloud of uncertainty to really attract investments and move the country forward?

[Ford] I fully agree with you. There have been deep differences among the political parties. This is too bad because a political alliance exists to help the legislative and executive branches find the best solutions to the country's problems. I do congratulate you because the law on the multisector zone united the ADOC [Civic Democratic Opposition Alliance]. All political parties saw the advantages of the law for the nation. I think this constitutes the basis of a coalition for all the programs that are approved at the legislature.

Upon my return from the East, I learned the bill was approved. I want to congratulate all of the ADOC legislators. We must respect their views. A legislator does not perform the function of a rubber stamp, as he did during the dictatorial regime. He has the right and obligation to express his views and make consultations. On the matter of the multisector zone, I think we finally set the healthiest precedent so that the ADOC can work together for the benefit of the country.

[Reporter] You know perfectly well that Panama's image abroad has been tarnished. A very big reason for that is the negative propaganda the U.S. Government carried out against Noriega's drug trafficking activities. Now our

image is still tarnished because the United States is slandering us, saying, for example, that the president is linked to Interbanco, which is accused of money laundering. My question is, as vice president what do you plan to do regarding Attorney General Rogelio Cruz?

[Ford] Let me repeat the president's remarks, which I fully share, regarding the total and absolute division of power and reciprocal respect among state branches. The executive, the judicial, and the legislative branches do not meddle in the affairs of others. I will frankly tell you my concern. I believe some officials, and I respectfully include Attorney General Cruz here, must not be a source of political controversy. I do not think the attorney general should be saying the conditions exist for a possible coup. That is inadmissible coming from him.

I think the attorney general has clear and specific duties, as outlined by the constitution. However, many officials who handle very delicate matters, such as administering justice, are constantly making political commentaries. That is the job of the president, the two vice presidents, and the ministers. There is much confusion, and we are creating an atmosphere of depression. This situation drives capital away and workers feel totally ill at ease. This point brings me to the subject of the union leaders of public institutions.

I am telling Isaac Rodriguez, president of the IRHE Union of Workers, to lower his tone. Although the constitution enables him and any other private citizen to question government officials, he should do it in a calm and decent manner. The tone these leaders want to use to address government officials is inadmissible. We were going to hold a meeting yesterday, but the newspaper LA ESTRELLA DE PANAMA carried a statement by him demanding the president attend the meeting. I had told him Tuesday night, on 6 November, the president could not attend because he was leaving today. [passage omitted]

Civic Crusade Leader Criticizes U.S. Policy

PA1911022890 Panama City EL DIARIO INDEPENDIENTE in Spanish 14 Nov p 4

[Report by Lionell Blaisdell]

[Text] National Civic Crusade leader Manuel Burgos, also Panama City's deputy mayor, yesterday deplored U.S. policy toward Panama. He said that it was the United States which caused the economic crisis in the first place. Burgos seriously questioned the policy of Michael Kozak, the principal deputy secretary of state for inter-American affairs.

Burgos also lashed out against Kozak for his recent statements regarding the aid—which has not yet arrived—promised to Panama. Kozak had said that with this aid, the United States had fulfilled its obligation.

The National Civic Crusade leader argued that the puzzling U.S. policy caused the economic crisis. Burgos said that it is a thing of the past when the United States used to deal with military dictatorships; this no longer holds true and "the standards must change."

"Let them keep their money—the $80 million they promised. They are not going to blackmail us into signing a treaty (Mutual Legal Assistance) which is detrimental to this nation's sovereignty. If that treaty means we have to turn into tax officials, let them keep their money," Burgos claimed.

Soviet Delegate Criticizes Invasion

PA1711204290 Panama City EL PANAMA AMERICA in Spanish 16 Nov 90 p 1A

[Report by Juan Pritsiolas]

[Text] Georgiy Tarasovich, member of the USSR Supreme Soviet Presidium, yesterday criticized the United States' invasion of Panama and expressed the Soviet Union's desire to establish diplomatic relations with Panama.

Tarasovich, who is heading a Supreme Soviet delegation on a three-day visit to Panama at the invitation of the Legislative Assembly, said regarding the 20 December invasion: "Any attempt at settling a problem by the use of force is not a democratic formula. Such methods are unacceptable."

The previous Panamanian Government had signed an agreement with the Soviet Union to open a Panamanian commercial office in Moscow and a Soviet counterpart in Panama City. However, this was never done, as the government was overthrown. The Soviet delegate said yesterday that his government "is open to establish relations with all countries of the world." He added that, in the case of Panama, these relations would start "before long."

Alonso Fernandez, president of the Legislative Assembly, and Olimpo Saez, chairman of the Assembly's foreign relations committee, said they are willing to make the necessary efforts so that Panama can establish diplomatic relations with the Soviet Union.

Tarasovich declined to criticize the policies of Cuban President Fidel Castro, arguing that Cuba's situation and the reforms that should be made are up to the Cuban people. Tarasovich said, however, that he met with a Cuban diplomat in Moscow recently and that the Cuban official told him "there are plans to make reforms in certain areas."

Mulino Favors New Relations With USSR

PA1811002190 Panama City CRITICA LIBRE in Spanish 17 Nov 90 pp 32, 13

[Report by Arnulfo Mendoza]

[Text] Acting Foreign Minister Jose Raul Mulino has said that the establishment of diplomatic relations with the Soviet Union forms part of the political framework

of President Guillermo Endara's administration. He added that it is the administration's policy to maintain cordial relations of mutual respect with all the countries of the world.

The acting foreign minister made this statement as the Foreign Ministry received a Supreme Soviet parliamentary delegation which is visiting Panama.

Mulino also said that Panama, taking into consideration the democratic opening in the Soviet Union, is very interested in establishing relations with that country. He made this statement in front of the Soviet delegation, which is headed by Georgiy Tarasovich. The Panamanian diplomat noted that the changes in the Soviet Union are positive for countries, such as Panama, which are returning to a democratic system.

Tarasovich said that his government is also interested in establishing diplomatic relations with Panama and other Latin American countries. He said that his country can contribute to the economic development of the region.

Officials Say No Insurgents on Border

PA1811235790 Panama City EL PANAMA AMERICA in Spanish 16 Nov 90 p 22A

[Report by Eduardo Soto]

[Text] David, Chiriqui Province—Costa Rican Public Security Minister Victor Emilio Herrera and Panamanian Government Minister Ricardo Arias Calderon said on 15 November that there are no insurgent movements on the Costa Rican-Panamanian border. They stressed that their real concern is over the possible existence of organized groups engaged in gunrunning and drug trafficking along the border area.

After a two-hour closed door meeting, the two officials concluded that there are no guerrilla camps in either Panama or Costa Rica. This conclusion is based on reports provided by personnel who patrol the area where rebel camps are allegedly located.

In a news conference at the Enrique Malek Airport in Chiriqui, Dr. Arias Calderon, who is also Panama's first vice president, stressed that the real danger comes from drug traffickers who are moving drugs and weapons across the border.

Two Pillan reconnaissance planes and one UH-1H helicopter will remain at the Enrique Malek airport for an indefinite period to patrol the region and guarantee the "peace that Panama needs," Major Santiago Fundora, director of the National Air Service, said.

Costa Rican Security Minister Victor Herrera was accompanied by Guillermo Vidal Vargas, Public Security Ministry senior officer; and Colonel Marino Donato, director general of the Public Force. Herrera said he will meet with the Panamanian authorities whenever necessary to exchange information on border security.

Vice President Arias Calderon said Panamanian personnel have patrolled the area "as much as possible," because "the impossible is in the hands of God." He added that this should be enough to help bring calm and a peace of mind to the Costa Rican and Panamanian people.

Even though some pilots question the decision not to arm the patrol aircraft to face possible attacks, Maj. Fundora stressed that these are defensive reconnaissance missions. However, he added that "if the aircraft is attacked, other measures will be taken."

At the end of the meeting, Ministers Herrera and Arias Calderon emphasized that this cooperation in fighting drug trafficking and gunrunning will help strengthen the ties of friendship between the two democratic nations.

Opposition Asks About Alleged FBI Probe

PA2011012790 Panama City EL PANAMA AMERICA in Spanish 19 Nov 90 p 1

[Report by Juan Pritsiolas]

[Text] Opposition members of parliament have requested that Jaime Ford Lara, manager of the Colon Free Zone, be summoned to report to the Legislative Assembly about an alleged FBI investigation of money-laundering activities.

Newspapers have reported that FBI agents have been investigating four Colon Free Zone companies since July. These companies are reportedly being used to launder Colombian drug traffickers' money.

According to the sources, the cash operations are being made with jewelry and precious metals, the prices of which have noticeably increased.

According to the initial investigation, there reportedly is an international connection in these activities, which reportedly are also linked to "Operation Polar Circle" that was dismantled in early 1989. The connections reportedly reach the United States, Colombia, Panama, and Hong Kong.

The suspicion of possible money laundering in the Colon Free Zone began as a result of a noticeable increase in the area's commercial activities. They have reached the record figure of $5 billion so far this year.

Manager Jaime Ford Lara said that he knows nothing about the FBI's alleged investigation in the free zone. He ruled out the possibility that enterprises are engaged in money laundering, the amount of cash handled is very small because the transactions are carried out using bank documents, he added.

Last month the Banking Commission inspected 18 banks operating in the free zone to detect any possible money-laundering transactions, but nothing illegal was discovered. Nevertheless, certain sources say that at least two

banks are being closely investigated by the FBI for any involvement in these activities.

Opposition members of parliament called the FBI's alleged investigation "a flagrant violation of national sovereignty." They demanded to know which Panamanian official had authorized the FBI to carry out the investigation.

Vice Presidents Ricardo Arias Calderon and Guillermo Ford have stated that they know nothing about the FBI's alleged investigation of the free zone banks.

There is a possibility that the FBI has covertly carried out the investigation to prevent any leaks.

Mexico Conditions Petroleum Sales to Safe-Conduct

PA1811164190 Panama City ACAN in Spanish 1913 GMT 16 Nov 90

[Text] Panama City, 16 Nov, (ACAN-EFE)— Juan Chevalier, Panamanian Commerce and Industries Minister, revealed today that Mexico has conditioned the supply of petroleum to Panama upon the granting of safe-conduct to Panamanian banker Rafael Arosemena, who took refuge in the Mexican Embassy in early 1990.

According to Chevalier, Mexican officials "say they first want to resolve the problem of the guest at their embassy."

Arosemena took refuge in the diplomatic embassy after he was accused of committing several million dollars worth of irregularities in the state-owned Banco Nacional de Panama. Arosemena was the bank's general manager during the previous military regime. The Panamanian Government has repeatedly refused Mexico's requests for safe-conduct.

The Arosemena case led to a deterioration of relations between the two countries. The relations reached such a low point that Panamanian President Guillermo Endara publicly stated a few months ago that he was not interested in the opinions of a government that was the product of "fraud." He said this in reponse to Mexican criticisms of the fact that Endara took power just after the U.S. invasion in Panama in December 1989.

Chevalier said that Panama has not stopped buying petroleum from Mexico for this reason. He said that "the previous military regime had to stop buying it a long time ago" because of its debt to Mexico. Chevalier stated that Panama currently buys crude oil only from Ecuador and Venezuela.

The minister reaffirmed that the problems with Mexico are based on "small diplomatic differences" and a problem of "room and board." However, he admitted that the problem has barred Panama from receiving Mexican petroleum for many months.

"Mexico would like to see the Arosema problem resolved before proceeding in an open and comprehensive manner" to renew petroleum sales to us, Chevalier added. He also insisted that "the Mexicans have not conditioned the supply of crude oil to the payment of our pending debts," which amount to $100 million.

Argentina

President Menem on Domestic Issues, Gulf, UK

PY1911234590 Buenos Aires Domestic Service in Spanish 1500 GMT 19 Nov 90

[Report on news conference held by President Carlos Menem at Government House on 19 November by station announcer Daniel Lopez and Government House reporter Silvina Martinez Porta—italicized passages are recorded]

[Text] [Martinez] President Carlos Menem stopped by the Government House press room this morning before going to his office to resume his normal duties after his tour of the Far East. The tour, as we know, ended this weekend. Menem was relaxed despite the long hours he spent in flight. He talked with reporters for nearly half an hour. As usual, all current topics were discussed.

There was concern over a rumor that circulated a few days ago and was not denied. The topic was state reform, which includes a rationalization involving the transfer of 220,000 public employees. On this issue the president said that the figures are not correct and that public employees will not be left empty-handed or without job possibilities in the private sector. Asked about the consequences of the rationalization process, Menem said:

[Menem] *The program will extend over the next three years. We will introduce a serious reform in the public administration. We will do everything possible to see that the process has as little social effect as possible. We are talking about a little over 100,000 employees. Some of them will go into early retirement. We will not abandon them in any way. They will be given due compensation and the opportunity to change jobs. The program will be extended over a period of three years. The funds will be provided by international organizations.*

[Martinez] That was the president's clarification of the rationalization process. We also asked the president if the transfer of Aerolineas Argentinas will take place as scheduled. The president said Aerolineas Argentinas will be transferred tomorrow unless there are insurmountable inconveniences, but he did not elaborate. As it now stands, the president added, the date for transfer is 20 November. We will sign the decree to transfer Aerolineas Argentinas tomorrow.

[Lopez] This was confirmed a few minutes ago by a spokesman from the Ministry of Public Works, who said that Menem will preside over a ceremony tomorrow to transfer 85 percent of the Aerolineas Argentinas shares to the group headed by Iberia [Spanish Airlines]. The spokesman noted that the ceremony will take place at Government House at 2000 and that the contract will be signed at the Ministry of Public Works before the ceremony.

[Martinez] We have to emphasize that the president will come to Government House only for the ceremony; as usual, he will stay at the Olivos residence tomorrow. The president also talked about the possibility of reaching an agreement on the issue of taxes on agriculture production. He said he was optimistic about the Uruguay Round of GATT talks, emphasizing that delegates are working hard on the issues. He reiterated his optimism despite the fact—he noted—that little has been accomplished so far. On this issue Menem said that it has not been decided if Argentina will enforce unilateral measures. He said a decision will be made only after the negotiations have ended. The president also talked about the situation that has arisen in Tucuman because of the decision of the provincial police to confine themselves to barracks. Menem said the government will give a forceful and definitive answer to the problem.

[Menem] *I still need more information on the matter because these things have become common practice lately. The national government, without infringing on provincial jurisdiction, will try to give a forceful and definitive answer to the problem. It seems that Tucuman has become a no-man's land because of the attitude that has been assumed by a sector of the provincial police. This has to definitively end in the country, and we will make sure it does.*

[Martinez] Commenting on political topics, President Menem discussed the Radical Civic Union [UCR] document criticizing the national government. He said he was not surprised to hear this type of remark from those who, having had to leave the government at a very difficult time for the country, still harbor resentment. He said the UCR sector that issued the document is decrepit and stagnated, contrary to other UCR sectors, which are devoted to updating and modernizing our republican institutions. Menem said: I do not waste my time reading this kind of document, which contributes nothing and is prompted by resentment, a loss of prestige, and a lack of national and international support.

Menem also commented on the UCR decision—which was announced by Raul Alfonsin—to suspend its talks with the government on constitutional reform. Menem said this is proof that Alfonsin is incapable of promoting changes in the government system. Menem noted that Alfonsin's position is out of keeping with the worldwide trend and that, if this is what Alfonsin wants, he might as well suspend the talks because Justicialism will not accept the system proposed by the UCR.

It has been noted, however, that talks will continue with the UCR sectors that support constitutional reform.

Regarding the possible candidacy of Vice President Eduardo Duhalde for governor of Buenos Aires Province, Menem stated that Duhalde is enjoying his duties and will stay in office until the end of his term. Menem noted, however, that politics is the art of what is possible; thus, one can never rule out this type of decision.

Asked about his opinion on the rally staged in the Plaza de Mayo on 15 November by the CGT [General Confederation of Labor]- Azopardo, Menem said:

[Menem] *That concentration, that demonstration, that mobilization—whatever one wants to call it—was a complete, total, absolute failure. It was not even aimed at making any kind of proposal. It was a mobilization aimed at offending, insulting, and disrupting the actions the government is taking to bring an end to corruption, backwardness, and stagnation in the Republic of Argentina.*

[Martinez] Asked if one could talk about a possible unification of the labor movement in the near future, President Menem said:

[Menem] *I believe that the Argentine labor movement is heading toward unification—that is, a unification around the idea of this new Argentina, around a country that is emerging from such a tremendous and painful crisis. It is not a unification around the old Argentina, which is no longer acceptable at home or abroad.*

[Martinez] Daniel, let us now go to the last topic: the situation in the Persian Gulf. President Menem described the situation that has erupted in the Gulf as "extremely serious." He said Syria and Egypt have asked the United States and the other countries that have joined the embargo against Iraq to wait three months before resorting to a violent solution to the conflict. On the other hand, Menem said, Great Britain and France have asked for a prompt solution, which implies an armed conflict. Menem said that the situation in the Gulf is red hot and that we may soon be getting rather unpleasant news from the area. He said that Argentina sent its vessels to the Gulf because it believes that in doing so it is contributing to consolidating the international role of the United Nations. He noted that Argentina is not speculating on aid it may receive from any sector of the international community.

Commenting on the talks with Great Britain on fishing in the South Atlantic, Menem said they are continuing within the established framework. He admitted that there are some problems but that they are not as serious as some media organizations have reported. He concluded by stating that these talks are in no way related to the deployment of Argentine vessels to the Gulf.

[Lopez] Very well. Your report on what President Menem said this morning is quite complete, really touching on every current topic. Our only question is if Menem clarified his remark about giving a final, outright solution to the case of the Tucuman policemen who have confined themselves to barracks.

[Martinez] No, Menem said he was going to confer today with Interior Minister Julio Mera Figueroa to learn about the details of this problem. Menem said he heard about the Tucuman problem on his return flight to Argentina. After meeting with Mera Figueroa, he said, a final decision will be made on this problem. In any case, the government has the final say in bringing an end to this situation, which is occurring time and again in Tucuman Province.

[Lopez] We may have to wait for some news this afternoon.

[Martinez] You may be right, Daniel.

Rally Protests Conditions at Atucha-1 Plant

PY1911224090 Buenos Aires DYN in Spanish 0028 GMT 17 Nov 90

[Text] Buenos Aires, 16 Nov (DYN)—Greenpeace leader Juan Schoeder reported today that "foreign experts have said that no nuclear plant in Europe or the United States would be allowed to operate under the safety conditions found at Atucha-1." Schoeder added that "we have reports that the plant is now in worse shape, in terms of safety, than it was during the critical period" that forced the National Atomic Energy Commission (CNEA) to shut it down for repairs for 16 months.

Schoeder made these remarks during a rally of militants and townspeople in front of the town council of Zarate, 25 km from Atucha. Participants in the rally demanded trustworthy information from CNEA officials on the safety of the plant, which is currently operating at full capacity.

National Deputy Alberto Aramouni of the Popular Democratic Party and Jorge Orlandi, president of the Zarate Deliberative Council, participated in the rally and clearly explained their disagreement with the CNEA's treatment of their demands.

Aramouni criticized the CNEA because "it claims to have the right to deny information [words indistinct] when we want it." He said that safety in the nuclear sector "is not achieved with the creation of an ecological country or an Ecology Ministry," as President Carlos Menem once proposed, but when "deputies of the ruling party take out the environmental preservation projects they have been keeping in their desks."

Schoeder also handed a petition to Mayor Aldo Arrighi requesting "the implementation of an emergency plan for a possible nuclear accident, providing plans for evacuation, treatment for radiation victims, transportation, and food supplies" so the community will know what to do in case of a nuclear emergency.

Bolivia

Petition Presented for Paz Zamora's Impeachment

PY2011014890 La Paz Radio Fides in Spanish 0000 GMT 20 Nov 90

[Report by Ricardo Elias from Sucre]

[Excerpts] The announcement of more impeachment proceedings, this time against the president of the Republic, has created great expectations in our city. The Supreme Court is expected to issue a reaction to this announcement in the next few hours.

Supreme Court sources have said that the court will request the presence of members of international courts of justice in our country, including representatives from the International Court of Justice in The Hague, from the United Nations, and from the Cartagena Agreement, so that they may observe the impeachment proceedings brought against eight Supreme Court justices by the Patriotic Agreement. [passage omitted]

In a plenary session that lasted until midnight last night, the Supreme Court decided that its members will take their annual vacation beginning today and lasting until 13 December.

This afternoon, Deputy Edwin Rodriguez of the Nationalist Revolutionary Movement submitted a petition for the impeachment of President Jaime Paz Zamora to the speaker of the Chamber of Deputies. [passage omitted]

Antinarcotics Commander Reportedly To Resign

PY1911200590 Madrid EFE in English 0508 GMT 19 Nov 90

[Text] La Paz, Nov 18 (EFE)—The head of Bolivia's antinarcotic task force expressed concern Sunday over the growing number of soldiers asking to be discharged because of low pay and high risk.

The statements came as government officials said the head, Gen. Lucio Anez Rivera, was to resign for health reasons. Anez, who has twice undergone by-pass surgery, was named head of the so-called Special Force for the Fight Against Drug Trafficking (FELCN) shortly after President Jaime Paz Zamora took office in August 1989.

Anez said earlier in the day that he was worried over the increasing number of soldiers on the 1,000-strong force asking to be discharged mainly because of low pay. A soldier assigned to mobile rural patrol units, which make up the bulk of the antidrug force, earns a monthly salary of $50 from Bolivia and an additional $50 per month from the U.S. Embassy.

Gen. Anez said the Bolivian Interior Ministry and U.S. Embassy were studying the possibility of issuing life insurance policies and paying higher salaries to FELCN soldiers. The FELCN works in cooperation with the Air Force and Navy.

Bolivia is the world's second largest producer of coca, the raw material for cocaine, after Peru.

Police Conduct Large Antidrug Operation

PY1911193090 Madrid EFE in Spanish 1900 GMT 15 Nov 90

[Text] La Paz, 15 Nov (EFE)—It was officially reported today that the Bolivian police have controlled the largest area for drug production and storage in Bolivia after an extensive two-week operation.

The operation made use of about 140 people who had taken up undercover positions in the different stages of cocaine production, from planting coca leaves to posing as bodyguards for drug traffickers. According to official sources, the police confiscated many weapons, 2,000 bullets of various calibers, grenades, and boxes of dynamite.

The operation was centered on small farms in the so-called "red zone" of the central Chapare region, where Bolivian police forces appear only occasionally and where there are usually only civilian authorities. Eighty percent of Bolivia's coca is cultivated in the Chapare area, and most of the country's clandestine cocaine laboratories are also located in the region. The "red zone" serves mainly as a place to produce and stockpile cocaine paste.

General Lucio Anez, retired, commander of the Special Antinarcotics Force (FELCN), has reported that about 50 agents participated in the operation with Air Force and Navy logistic support. Other official sources told EFE that U.S. Drug Enforcement Administration (DEA) officials also participated.

The police operation included the towns of Isinuta, Isiboro, and Eterazama, where a lot of drug-trafficking activity takes place. The FELCN has decided for the first time to assign troops to these towns. There is a fear in government circles, however, that the drug traffickers will transfer operations to the Bolivian Amazon jungle area, where access is difficult.

Bolivia is the world's second-largest producer of coca leaves and cocaine base.

Brazil

Superconductive Linear Accelerator Being Developed

PY1911115090 Rio de Janeiro O GLOBO in Portuguese 13 Nov 90 p 19

[Report by Fanny Zigband]

[Text] Sao Paulo—The first superconductive linear accelerator in the southern hemisphere is being developed in Brazil. It will be ready in two or three years, and it will put the country among those with the most advanced nuclear physics laboratories in the world.

According to Oscar Sala, the designer of the accelerator and chief of the Nuclear Physics Department of the Physics Institute of the University of Sao Paulo (USP), this equipment will make it possible for Brazil to join the select group of countries now engaged in conducting high-energy [altas energias] studies.

According to Sala, high-energy studies will set the trend for contemporary nuclear physics and will allow us to study the nuclear reactions of almost unknown heavy-nucleus elements. It will also help us study the phenomena occurring in the stars. This superconductive linear accelerator will also allow us to convert common materials into semiconductors.

The physicist explained that the linear accelerator increases the energy of atoms. The linear accelerator now in use at the USP Physics Institute is called a "pelletron." It uses eight million volts. The superconductive linear accelerator being developed will operate at 22 million volts for the first two years and then its operating power will be increased to 50 million volts.

There are four superconductive accelerators in the world today, all in the United States: One at the Chicago-based Argonne National Laboratory where the technology was developed; one at the New York-based Stony Brooks Laboratory; one at the Washington University Laboratory; and one at the Florida University Laboratory.

The Brazilian equipment will be installed in a building next to the "pelletron" building of the USP Physics Department, in the University City of Sao Paulo.

The technology with which Brazil will build its superconductive linear accelerator will be transferred by the Argonne National Laboratory through an agreement with the USP Physics Institute. The Argonne National Laboratory is also directly participating in the construction of the most sophisticated modules of the accelerator, the so-called resonance cavities, which are lined with niobium—a metal that becomes superconductive at 270 degrees below zero and whose largest reserves are found in Brazil. Those cavities will carry electric fields of three million volts. The energy will increase "in cascades" as the atoms travel through those cavities. When the project is completed, the accelerator will have 36 resonance cavities; the first 13 will be built in the United States and the remainder in Brazil.

Brazil will be charged with building the so-called cryostats, the tubes around the cavities through which liquid helium circulates to keep the niobium at 270 degrees below zero.

Oscar Sala considers that the construction of the accelerator requires very advanced technology. Specialized training for the Brazilian team will be required. Some 15 experts are participating in various aspects of the equipment construction; another group of 15 is preparing the experiments to be conducted in the accelerator; and five experts are to be sent abroad for further training.

Physicist Oscar Sala also explained that as the accelerator construction progresses, the industries involved in the project will gain knowledge.

Deputy Disagrees With Collor, Leaves Government

PY1911143090 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 18 Nov 90 p 1

[Text] Deputy Renan Calheiros (PRN-AL) [National Reconstruction Party-Alagoas] has broken with President Fernando Collor and resigned from his position as government leader in the Chamber of Deputies. Calheiros said his decision was provoked by the president's failure to speak up on the reports of fraud in Alagoas' election. "I have reached the limit of what my dignity can tolerate," Calheiros said.

Trade Surplus Drops 68.6 Percent in October

PY2011010890 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 19 Nov 90

[Text] The Brazilian trade surplus in October totaled only 223 million cruzeiros, which means it declined by 68.6 percent compared to September. This is the lowest monthly Brazilian trade surplus since January 1987.

Correction to Cardoso on Economic Issues

PY1411201290

The following correction pertains to the item headlined "Cardoso Interviewed on Economic Issues," published in the 14 November Latin America DAILY REPORT, page 49:

Column two, paragraph one make read: the financial carousel [practice of repeatedly depositing money in high-interest overnight accounts]. Do you agree... (rewording editorial note)

Chile

Minister on Terrorist Attack in National Stadium

PY1911124890 Santiago Domestic Service in Spanish 1000 GMT 19 Nov 90

[Excerpts] In the name of the government, Interior Minister Enrique Krauss declared war against violence in favor of peace during his speech at the closing session of the Santiago Convention.

Krauss said that reconciliation must not merely be a useful word for speeches. Traditional coexistence must return to Chile through a shared effort, which is the characteristic of the nation. [passage omitted]

Enrique Krauss said that the government guarantees order and security at any cost.

[Begin Krauss recording] I want to stress that we will pay any price, we will bear any burden, and we will face any difficulty to ensure the consolidation and triumph of freedom based on order and security. [end recording] [passage omitted]

The interior minister said that the possible participation of foreign military terrorist groups in the attacks in the National Stadium and in a Vina del Mar restaurant, in which the victims were mainly American citizens, can neither be ruled out or confirmed. There is no objective evidence to confirm foreign intervention, he added. He said that the pertinent organizations are investigating and that, while this may be slow, it will reveal those responsible for the attacks.

The minister added that the government does not rule out the possibility that international terrorists may be

involved in the attack committed in the National Stadium on 17 November, in which a Canadian citizen was killed and others were injured.

He said that the government will grant special facilities to the family of injured U.S. citizen Thomas Collins, the security chief of the U.S. Embassy in Chile. He added that in these painful, regrettable, and abominable cases investigations are always slow and require secrecy if they are to achieve results. This is why no information has yet been released. [passage omitted]

Krauss on Foreign Participation

PY1911182090 Santiago Radio Chilena Network in Spanish 1600 GMT 19 Nov 90

[Text] Interior Minister Enrique Krauss has categorically denied the participation of foreign organizations such as the CIA and FBI in the investigation of the attack that took place in the National Stadium.

[Begin Krauss recording] Absolutely, categorically, and definitively not. Investigations in this country are carried out by Chilean organizations. We may receive suggestions and support, but all investigative activity is carried out by Chileans to solve Chilean problems. [end recording]

As for the strike announced by gendarmerie personnel, the interior minister said that according to his information it has allegedly been suspended. Krauss today gave a speech during a CUT [United Labor Federation] national council meeting which is taking place right now in a hotel downtown Santiago.

Israeli Ambassador on PLO

PY1911174890 Santiago Radio Chilena Network in Spanish 1600 GMT 19 Nov 90

[Report from the Israeli Embassy in Santiago]

[Text] The Israeli ambassador to Chile gave a news conference today at noon. He spoke about the attack that took place on 18 November in the National Stadium.

Israeli Ambassador to Chile Daniyel Moqedi has accused the PLO of having committed the attack in the National Stadium. He did not rule out that the attack was committed with internal help, specifically with Chilean help. Moqedi rejected any connection among the recent PLO delegation's visit to Chile, Israel, and this attack. He said that the call to a Santiago radio station in which the PLO claimed responsibility for the attack and for which, in turn, the PLO raised charges against Israel, is not valid evidence for raising such charges.

[Begin Moqedi recording] I am not saying that Chileans were involved. I want to clarify my statements. By analyzing the modus operandi, the baseball bat, and our latest reports from the Middle East, Europe, and several countries of the world, one can guess, and I stress the word guess because I cannot blame anyone, one can guess that there has been a combination of imported methods, imported people, imported sophistication, and some local assistance. [end recording]

In name of his country the Israeli ambassador regretted the murder of a Canadian citizen and the injuries to the other victims. He also categorically rejected any attempt to hold Israel responsible for this criminal attack. In conclusion, he said that through a personal message both the former Chilean regime and the current administration had asked him not to transfer the Middle East conflict to Chile. I have tried to comply with this petition, he said, but I cannot remain quiet when some other elements with different opinions are trying to tarnish Israel's name in any way. The Israeli ambassador said that this is why he had to clarify the position through the media.

Government Issues Communique to U.S. Embassy

PY1611222890 Santiago Domestic Service in Spanish 1000 GMT 16 Nov 90

[Text] On specific instructions from the president, Minister Secretary General of Government Enrique Correa has read a statement to the media that deals with opinions voiced by some lawmakers in connection with the actions the government is considering on the poisoned grapes case.

[Begin Correa recording] It is absolutely false that the Foreign Ministry has released a State Defense Council report to the U.S. ambassador and that it has, quote, warned him about this secret document, unquote. What the foreign minister did was comply with specific instructions from the president. The minister informed the U.S. Government through its embassy in Santiago that the Chilean Government—based on the investigations that were conducted—has decided to be a party in this matter through the appropriate diplomatic, administrative, and court channels.

2. [As heard] In following this procedure, the Chilean Government has not performed naively, nor—as has been said—has it behaved with a strange weakness toward the U.S. Government. The Chilean Government has followed the appropriate steps for countries that maintain normal diplomatic relations. This procedure was specifically advised by the State Defense Council. [end recording]

Foreign Minister Silva Views U.S. Relations

PY1611171790 Santiago EL MERCURIO in Spanish 4 Nov 90 p D 4, D 5

[Interview with Foreign Minister Enrique Silva Cimma by Raquel Correa; place and date not given]

[Excerpts] [Passage omitted] [Correa] Minister, will Chile resume diplomatic relations with Cuba?

[Silva Cimma] Not for the time being. The circumstances are not right. When the circumstances become appropriate within our general policy of establishing

relations with all countries, regardless of their ideological position, we will resume relations with Cuba.

[Correa] What circumstances are not right in the case of Cuba?

[Silva Cimma] We want to make sure that the principle of nonintervention, one of the pillars or our foreign policy, will be respected.

[Correa] Castro himself has recognized that he supported the armed struggle in Chile. What guarantees do you require to confirm that Castro's intervention and support for violence has ended?

[Silva Cimma] We want to be absolutely sure that the climate of violence and terrorism in the country is not linked in any way with Cuba.

[Correa] Do you believe there are links?

[Silva Cimma] I want to be absolutely sure that a resumption of relations will not create any problems for us.

[Correa] The Cubana de Aviacion [Cuban Airlines] will resume regular flights to Chile in a few days...

[Silva Cimma] Those are commercial flights and do not have anything to do with diplomacy.

[Correa] Has the government considered seizing Cuban planes to recover the $50 million (in today's money) to repay Chile for the money that Allende's government deposited in the Bank of Cuba and that was expropriated by Castro at the time of the military coup?

[Silva Cimma] No. The Central Bank is following legal proceedings to recover that money. The Chilean Central Bank is autonomous, and there is no reason for the Chilean Government to resort to expropriations.

[Correa] Are we going to begin by authorizing an airline, then a consulate, and then an embassy with full relations with Cuba?

[Silva Cimma] No. These things are absolutely independent from each other.

[Correa] Deputy [Federico] Mekis has said that Chilean diplomacy is "concessive"—that instead of negotiating it concedes.

[Silva Cimma] I really believe he is being inconsistent. It is surprising to hear this type of criticism when the diplomacy of this government has achieved success after success. For instance, during the OAS meeting in Asuncion it was recognized for the first time that the problem with Cuba was bilateral and not hemispherical. Another example is the incorporation of Chile into the Rio Group on our terms. We said that the group should not be exclusive, and this resulted in the immediate incorporation of Ecuador, Bolivia, Paraguay, and the representatives of Central America and the Caribbean.

[Correa] It is said that one example of this "concessive" policy is the Chilean recognition of Endara's government in Panama just to satisfy the United States.

[Silva Cimma] Look, (Silva Cimma becomes annoyed) this is the most unfounded criticism, the most categorically unfounded and most surprising criticism. It is not that Latin American countries did not recognize Endara's government—they simply suspended relations with Panama. I am amazed at the ignorance behind this criticism. Chile resumed relations with Panama after consulting with other Latin American countries. Latin American countries gradually resumed normal relations with Panama after getting assurances that Endara would call a plebiscite and recognize some constitutional principles. We decided to follow suit after consulting with other Latin American foreign ministers. The only difference was that we sought approval from Endara's government over the naming of a new ambassador. It was not an isolated measure and it had nothing to do with the wishes of the United States. The only country that has acted differently, for its own reasons, is Mexico.

[Correa] Don't you think that Chile, being the first country to have accepted President Bush's Initiative for the Americas, adopted a submissive attitude toward the United States?

[Silva Cimma] We were not the first. Mexico, Bolivia, Ecuador, and another country accepted the initiative before Chile. Uruguay, Brazil, Argentina, and Chile jointly stated that they consider the Initiative for the Americas to be positive.

[Correa] Despite the fact that Chile is not a member of the UN Security Council, it hurried to sign the arms embargo against Iraq.

[Silva Cimma] Although Chile is not a member of the UN Security Council, we zealously uphold UN agreements, particularly UN Security Council agreements on events that could jeopardize world peace. We adopted a categorical position. We did not hurry; we acted with dynamism because we are efficient.

[Correa] Minister, don't you think that the United States is speculating over the murder of late Foreign Minister Orlando Letelier, an incident that occurred a long time ago under the former military regime?

[Silva Cimma] The "Letelier case" must be viewed from the U.S. viewpoint. An entire country, its people, and its government must deal with a serious attack that took place in Washington.

[Correa] But we maintain normal relations with Argentina despite the fact that General Prats and his wife were murdered in Buenos Aires under similar circumstances...

[Silva Cimma] What are you trying to say?

[Correa] I am saying that U.S. sensibility is directly proportional to its power. Do you agree?

[Silva Cimma] That could be true. Perhaps U.S. sensibility reacted this way because the attack was perpetrated not just against a Chilean citizen who lived in Washington, but also against a U.S. citizen.

[Correa] Are you annoyed or do you agree with this U.S. obsession over the "Letelier case?"

[Silva Cimma] The word "obsession" is not appropriate. In my opinion the desire of a government to clarify an attack of this sort can never be considered to be an obsession. If this were true then you will call me obsessive because I want Tucapel Jimenez' murder to be clarified. Jimenez was a union leader and my friend, and I have defended his case ad honorem. I am not obsessed by it but I want his case to be clarified. [passage omitted]

[Correa] In your capacity as a foreign minister, what do you expect will have to be done to satisfy the U.S. concern over the "Letelier case?"

[Silva Cimma] I hope that this case, as well as those of General Prats, Tucapel Jimenez, Parada, Guerrero, Natino [union leaders during the military regime], and so many others will be clarified. Regarding the Letelier case, we hope that the investigation that is currently being heard by the military court will be handed to the civilian court.

[Correa] Will that be enough for the United States?

[Silva Cimma] Considering the nature of this specific case, I think we are in a position to request the appointment of a special judge to investigate the case.

[Correa] Despite the fact that the statute of limitations has expired on this case?

[Silva Cimma] The case that is pending (the case of the forged passports) legally freezes the statute of limitations. The investigation into the forged passports could help to clarify the other crime. [passage omitted]

[Correa] What are your views on the authorization to resume the sale of spare parts to the Air Force but not to the defense institutions or the forces of order?

[Silva Cimma] No definitive decision has yet been made on this matter, but I think it will be positive for the Air Force. I do not believe that the Air Force engaged in any negotiation to obtain that benefit, but the Air Force does have the right to do so. I also think that, of the four institutions, the Chilean Air Force was the most affected by the Kennedy Amendment. Moreover, I believe that this will be a gradual process and that it may be the basis for the lifting of the ban on the other institutions.

[Correa] Minister, how do you explain the fact that President Bush has not issued the certifications necessary for the lifting of the Kennedy Amendment even after the change of government in Chile?

[Silva Cimma] I would hope (he chooses the words carefully) that President Bush will certify the fact that Chile has a perfectly defined democratic system.

[Correa] Do you find this very offensive to the government, that more than seven months after the reestablishment of democracy President Bush still has doubts about it?

[Silva Cimma] I do not think he has doubts about it. I believe that Chile should be given this approval and be treated in keeping with the huge effort it has made to peacefully rebuild and consolidate a democracy which is an example for the world.

[Correa] But he has not done so.

[Silva Cimma] As I have just said; I want to believe that Bush will certify it.

[Correa] Concerning the marketing orders [preceding two words in English], do you think they will continue to be applied?

[Silva Cimma] I attended a meeting between President Aylwin and President Bush in Washington. During this meeting Bush ordered his advisers to find a solution to this problem.

[Correa] But, all the same, the marketing orders were implemented 10 days after the meeting.

[Silva Cimma] That decision was made at a separate level. The president and the Department of Commerce acted in one way and the Senate in another. They are independent powers.

[Correa] Another restrictive measure that has not been changed is the Generalized System of Preferences.

[Silva Cimma] I am certain that those restrictive measures will be eliminated.

[Correa] It is difficult to understand why the United States continues to apply these sanctions on Chile when the internal political situation has changed.

[Silva Cimma] I cannot understand that either. It is difficult to understand. I think Chile deserves more recognition than any other country. It is time to lift those sanctions.

[Correa] Do you think that the United States should compensate Chile over the poisoned grape affair?

[Silva Cimma] If it is proved that U.S. organizations were involved and that the grapes were poisoned abroad, as the evidence seems to suggest, we should consider filing a lawsuit. A diplomatic action will have to come later. It is essential that the lawsuit comes first, either here or in the United States.

[Correa] Many people wonder what Chile has gained materially from its return to the democratic path.

[Silva Cimma] Many things. One example is the renegotiation of the foreign debt that was conducted by Finance

Minister Alejandro Foxley; then we have a large number of commercial and trade agreements... Perhaps at the end of December we will sign a cooperation agreement with the EEC and that means money, the granting of credits, and the opening of new credit lines. We are working on Latin American integration. The agreements we signed with Mexico and Venezuela will allow us, in a relatively short time, to completely eliminate import duties between our countries. We are negotiating similar agreements with Ecuador, Colombia, Brazil, Argentina, and Uruguay. We are talking with Bolivia on the possibility of solving multiple problems without touching the problem that separates us [the landlocked issue]. We have discussed the possibility of a free market, cultural exchange, the opening of good roads from La Paz to Arica, and the possibility of building silos. There are a lot of topics that we can solve without discussing the problem that separates us. The same with Paraguay... This are some examples of what we have gained materially. The change provides infinite possibilities in other fields that will benefit Chile. During our visit to the United Nations we met with 27 foreign ministers in two days. They all said the same thing: "We want to trade with Chile. Chile is a serious country that provides guarantees of security and stability."

Finance Minister Discusses Economy, Gulf Crisis

PY1811183090 Santiago EL MERCURIO in Spanish 4 Nov 90 p B 1, B 2

[Interview with Finance Minister Alejandro Foxley by Carolina Garcia de la Huerta; place and date not given]

[Text] [Foxley] When I assumed my post, a Latin American president told me that I had been chosen to dance with the ugly one... I have been doing that for eight months now.

[Garcia de la Huerta] Dance with the ugly one?

[Foxley] Of course, (says Alejandro Foxley while laughing). That is why it is greatly appreciated when people feel at least some understanding for the situation.

(It is clear that he is a humorous person. There is also a certain sarcasm, which he truly tries to avoid and at times represses to avoid arguments. Despite the laughter, his words make it clear that these eight months have been very difficult. He even confesses that they have been the most complicated of his life...) "We have taken on a hard task," (with 1,001 pressures,) "because it is not easy to be finance minister in a democracy," (and even less so in a democracy that is reentering society.)

(He lives in the peaceful neighborhood of Las Condes in a house without any indication that it is the home of a finance minister. There is not even a guard at the door. Once inside, one can see a simplicity and good taste that would not be expected from a person who manages thousands of millions of dollars daily.)

(Outside of all protocol, within his most private area, this civil engineer with a degree in economics is even more surprising. The living room of his house, which is full of light and invaded by the greenery that comes in from the garden, has an enormous gracefulness for him in its openness. It is this same openness that he always wants to demonstrate to public opinion and is now linked to his economic management.)

(As expected, there is classical music in the background; it is well known that he likes that type of music. It is also known that he likes to get away to Cachagua as much as he can.)

(There is a consensus that the minister carries his 51 years very well, and it is normal for Alejandro Foxley to be mentioned as one of today's "good-looking men." Politics has nothing to do with that. He is married to Gisela Tapia, deputy director of the Saint George School, and he has two children.)

(Presidential aspirations? "None," he indicates.)

[Garcia de la Huerta] So emphatically?

[Foxley] Yes, so emphatically. I am carrying out a task that someone must do, a task that is sufficiently complex that one becomes accustomed to living with it on a daily basis. I am going to use all my energy to keep this economy functioning well, and I have no plan that goes any further than that daily basis.

[Garcia de la Huerta] Minister, how do you take criticism?

[Foxley] In a democracy one has to be able to take criticism, which at times can be quite exaggerated and could even be felt to be unjustified, with a goal of obtaining advantages in the short term. But that is part of the game. What I am doing is not easy, and at times one would expect more understanding and support, but that is life and democracy. The main thing is to steadfastly continue. We want to instill confidence in the people, to give them security. We have been crystal clear; we are always going to tell the truth, and that is why I believe the people can have confidence in us.

[Garcia de la Huerta] Do you believe the public has confidence in you today?

[Foxley] That should be answered by someone else, but yes, I have the impression that it does indeed have confidence.

[Garcia de la Huerta] What can you say about the rumors that you will resign and be replaced by Sergio Molina?

[Foxley] That is a nice little question... I would like the people who spread these rumors to show their faces, because I do not understand the motives behind them. There is absolutely no substance to them.

[Garcia de la Huerta] In addition to the rumors, some people are asking themselves whether you will be able to

hold on in your post; in addition to the current difficult times, political problems seem to have emerged.

[Foxley] I thank you for your question, because I am part of a government team and I am very proud of it. I am especially proud because, during the eight months that I have been at the head of the ministry, I have felt a strong esprit de corps among all the ministers and, of course, the constant support of the president.

[Garcia de la Huerta] There is speculation over some conflict between the government's economic and political teams.

[Foxley] There has been speculation on this, but I emphatically deny it. We have wonderful relations with the political team, and the economic team has had the support of the political team every step of the way. Ministers Krauss, Correa, and Boeninger have played key roles in uniting the government's various sectors. I have nothing but admiration and acknowledgment for the support they have given us in the difficult task with which we have been charged.

[Garcia de la Huerta] Has it been difficult for you to head the ministry, considering the large number of demands made by many people who thought their demands would be met by the new government?

[Foxley] I am impressed by the fact that not only has there been no major strike during these eight months, despite the existing shortcomings, but in my contacts with the people I have been able to sense the extent to which they understand the government and our economic difficulties. For example, I want to mention the position taken by the CUT [United Labor Federation], whose leaders were able to understand that the process that is under way is seeking to consolidate democracy and lay the groundwork for a solid economy.

[Garcia de la Huerta] Do you think the people understand that not everything can be solved?

[Foxley] The people understand better than some politicians—who are trying to take advantage of our economic problems to gain more supporters—expect.

[Garcia de la Huerta] What does the five-percent reduction in the 1991 budget—a reduction that will not affect funds for social projects—mean?

[Foxley] With the exception of funds earmarked for the social ministries—health, education, housing and public works, and security and public order—the budget will be reduced by five percent. In other words, the budgets of all other ministries will be reduced by five percent to save these resources.

[Garcia de la Huerta] To save them?

[Foxley] It is an austerity effort by the government.

[Garcia de la Huerta] Aren't these savings going to be used to finance the 25-percent salary increase that was recently announced for public employees?

[Foxley] This was not properly understood. The five-percent reduction of the budget will be saved in its entirety. We will also add to these savings the income obtained through the collection of two taxes: first, a 30-percent surcharge on contributions [not further identified]—which had not been included in the budget—and also the collection from royalties to be paid by the National Petroleum Enterprise, because royalties increase as the price of crude oil increases. The policy of giving a 25-percent salary increase to public employees shows that the government is making an effort to reduce other spending to give a moderate but significant salary increase to its employees.

[Garcia de la Huerta] How much will the government be saving?

[Foxley] It will be saving $140 million, which will not be spent. We are going to keep this money in a special account. In June 1991 we will evaluate the petroleum crisis situation and the war on inflation. Depending on the outcome of the evaluation, we will decide if a portion of the amount saved can be spent.

[Garcia de la Huerta] Could it be said then that the government is contributing $140 million to the adjustment carried out by the Central Bank?

[Foxley] It is a contribution by the government to the general austerity we want in the country, and it is also an effort to lay the groundwork for further reactivating the private sector.

[Garcia de la Huerta] Was it after receiving this support that the Central Bank decided to reduce its minimum interest rate from 8.2 to 7.2 percent?

[Foxley] That is correct. We coordinated this move with the Central Bank, and the idea of reducing the interest rate is designed to help the private sector recover and grow strongly. The government is laying the groundwork for that.

[Garcia de la Huerta] How are you going to finance the salary adjustment?

[Foxley] We set aside funds for the increase in the draft budget we submitted to Congress, just as funds are set aside for adjusting pensions when inflation exceeds 15 percent. We should note that we have tried to reaffirm first that we are seriously addressing the country's economic problems, since we have never resorted to easy solutions. We have increased the price of oil twice, and we are telling the nation that, despite the fact that the figures included in the budget are necessary for the public sector, we are going to make this sacrifice to promote the recovery of the private sector.

[Garcia de la Huerta] Should this be considered a flat denial of rumors that the budget has been inflated so that it can be cut down later?

[Foxley] That rumor is completely groundless. The oil crisis was still in the making when we submitted the draft budget, and we could not measure its significance. Nor had we ordered the October price increase. Since the situation has changed, we deemed it necessary to make an additional effort to secure price stability.

[Garcia de la Huerta] It appears, however, that this issue was contested, since the Central Bank president pointed out that new measures would not be taken and you said that the Treasury did not have the capacity to reduce its expenses. Why is it that the Central Bank is now taking new measures and you are reducing your expenses?

[Foxley] We had been talking with the Central Bank for some time because we were convinced that it was necessary to reduce interest rates.

[Garcia de la Huerta] It was clear, however, that the Central Bank was not going to reduce its rates unless you made an effort from your angle.

[Foxley] That would be one way to put it. In fact, market interest rates were decreasing, but the bank did not reduce the 90-day base rate, which stood at 8.2 percent. We talked to them and we did indeed reach an agreement that a fiscal effort had to be matched by a reduction in interest rates, which was what interested us as the government.

[Garcia de la Huerta] You wanted to relax the adjustment?

[Foxley] We have been convinced for some time now of the need to reduce interest rates and enter a stage in which it will be possible to reactivate the economy.

[Garcia de la Huerta] Would you say that the latest measures have put an end to the adjustment?

[Foxley] I would say that we will not abandon the struggle against inflation.

[Garcia de la Huerta] Is inflation still the number one priority?

[Foxley] It still is, but we have now created the conditions for fairly strong economic growth in 1991.

[Garcia de la Huerta] A few days ago you ruled out a recession. How do you assess the Sofofa [Industrial Development Association] figures, which indicate that industrial activity has declined to negative 1.2 percent and negative one percent in the second and third quarters of this year?

[Foxley] There is no recession, although there is a slowdown in the growth rate. The rest are just groundless, alarmist remarks.

[Garcia de la Huerta] But the Sofofa figures are not just an isolated case. September sales were down 7.4 percent as compared to September 1989; sales in the construction area alone declined by 31 percent.

[Foxley] There is no doubt that the September figures represent the lowest point of the adjustment and that from now on the economy will recover.

[Garcia de la Huerta] Don't you fear a recessive process?

[Foxley] Not at all.

[Garcia de la Huerta] Do you agree with the experts who have said that the economy has been excessively adjusted?

[Foxley] What does it mean to excessively adjust the economy? ...(he asks while opening his folder with background information.)

[Garcia de la Huerta] Well, that activity seems to be heavily influenced, as the figures indicate today.

[Foxley] Let us ask ourselves: When the economy was adjusted in 1975 and 1976 and the production rate totaled negative 13 percent, was the economy adjusted or not? We should especially consider that the unemployment rate totaled 20 percent that year [as published] and that the investment rate had dropped to 12 percent.

[Garcia de la Huerta] But we must not forget the strong international crisis that the world was experiencing at that time.

[Foxley] There was an international petroleum crisis, as there is now; however, let us look at other figures, such as those during the crisis of 1982 and 1983, when the production rate totaled negative 15 percent, the unemployment rate was more than 30 percent, and the investment rate dropped to 12.9 percent... Was the economy excessively adjusted?

[Garcia de la Huerta] It is difficult to compare the economic situation that existed when you took over with the situation during that earlier period.

[Foxley] I can say that we have acted prudently and cautiously to ensure that Chile will not have to go through the experience of the vast majority of Latin America countries, where there were inflationary surges under the process of transition to democracy. I believe we will be successful in controlling inflation and achieving a sustained growth rate.

[Garcia de la Huerta] Perhaps this argument has been losing credibility because inflation has refused to recede.

[Foxley] I do not believe we have lost credibility. The polls demonstrate this.

[Garcia de la Huerta] But the polls are also showing that public opinion is most concerned about issues involving the management of the economy.

[Foxley] Let us compare this crisis with past crises. Let us compare the results and see who has managed foreign crises better. We cannot forget that today we have an investment rate of 21 percent of the GDP, while the investment rate in the past two years dropped to 12 percent.

[Garcia de la Huerta] Are you concerned about the decline in the employment rate?

[Foxley] I can announce that in October the unemployment rate will be slightly lower than in September, 6.6 percent versus the previous 6.7 percent. During the other petroleum crises the unemployment rate was over 20 and even 30 percent. It is with this perspective that we must ask if there has been an excessive adjustment or not.

[Garcia de la Huerta] Then there will be no excessive adjustment?

[Foxley] There will be no excessive adjustment.

[Garcia de la Huerta] How should we view the fact that the Sofofa has indicated that unemployment in that sector has increased by 20 percent because of the adjustment policy?

[Foxley] We have the figures of the INE [National Institute of Statistics] that will be released on Tuesday, and they show that unemployment, despite this adjustment, is at nearly the same level as last year, when the economy was growing by 10 percent. I would like someone to show me another kind of adjustment process in modern Chilean history in which the unemployment rate was practically unchanged, investment increased, exports increased at the rate they have this year, and foreign investment entered the country, as it has this time.

[Garcia de la Huerta] But some of these positive aspects have carried over from before—investment for example.

[Foxley] We never intended to start governing from point zero. At the same time, I am convinced that the presence of a democratic government in Chile applying a prudent economic policy does contribute to stepping up the investment process. There is a series of new projects being prepared that reflects the confidence of foreign investors in the country's economic policy.

[Garcia de la Huerta] There are many people who believe that the adjustment has failed since growth has decreased while inflation has not.

[Foxley] There are times when things get mixed up and must be separated. Before the oil crisis, the adjustment was working exactly as expected. It must be recalled that imports increased by 35 percent in 1989, while this August alone they increased by 10 percent. The same happened with excess expenditures, which increased by 22 percent in 1989, and the quantity of money increased by 108 percent between 1988 and 1989...as a result of populist policies.

[Garcia de la Huerta] Populist policies?

[Foxley] Of course. And I would add that they were influenced by the elections. Pinochet's desire to win the 1988 plebiscite and the 1989 elections was the cause of that 108-percent increase. That was an unnecessary expense for the country, because it is clear that that is not the way to win elections.

[Garcia de la Huerta] Let us return to the adjustment: Did it fail or not?

[Foxley] The adjustment has not failed. I was saying that excess expenditures have been eliminated, imports have decreased, and inflation, even after the effects of the drought, has been reduced to acceptable levels. The problem is that we then had the oil shock.

[Garcia de la Huerta] Did you ever imagine that the restrictive process could last so long?

[Foxley] Well, we return to the history...(and also to the papers full of figures he wrote on them). In the adjustment of 1975 the economy took seven years to recover to the level of its previous GDP. After 1982 and 1983 it took six years.

[Garcia de la Huerta] Are you suggesting that the adjustment could even take much more time?

[Foxley] No, it is a fact that this year, despite the adjustment, we will reach a GDP at least two points higher than last year's.

[Garcia de la Huerta] That means that we are going to grow "at least" two percent this year?

[Foxley] We will have positive growth of at least two percent.

[Garcia de la Huerta] What do you think of the latest consumer prices indexes, which show that they could be higher than the 3.5- percent rate of October?

[Foxley] That should not surprise anyone. We are currently feeling the impact of the two oil price increases, and it was expected that the September and October inflation rates would be unusually high. This would have a one-time impact on the economy that would be somewhat moderated; we are adjusting the inflation rate according to internal inflation, without taking into account international inflation.

[Garcia de la Huerta] Do you think inflation will begin to drop after the high rates in September and October?

[Foxley] The greatest impact was in September and October. Since we have created an oil compensation fund, we can assure the population that in the next few months there will be no additional fuel price increases.

[Garcia de la Huerta] Authorities have been criticized for their lack of clarity and for having given incorrect indications.

[Foxley] Such as?

[Garcia de la Huerta] The Central Bank said that its priority was to control inflation and that it would not announce new measures, but it did not comply with these statements. The Finance Ministry said it could not cut its expenses but then did so.

[Foxley] No bank in the world would ever say beforehand that it would reduce interest rates. That would be quite unwise.

[Garcia de la Huerta] Is the Central Bank independent?

[Foxley] Yes, it is.

[Garcia de a Huerta] Why then do you announce many of the measures that concern the Central Bank?

[Foxley] We have always coordinated our policy with the Central Bank.

[Garcia de la Huerta] Have you had disagreements?

[Foxley] Naturally, we have not always been in full agreement.

[Garcia de la Huerta] What is it like to work with an independent Central Bank?

[Foxley] Autonomy brings an element of complexity into the management of economic policy. In an open economy it is necessary to face difficult situations quickly. In Chile we must now make a special effort to coordinate with an autonomous authority, and this reduces fluidity in decision making. This is not a serious problem, however, because of the good personal relations we maintain with the president of the Central Bank and its board of directors.

[Garcia de la Huerta] Do you believe an autonomous Central Bank provides security by operating independently of the government?

[Foxley] I believe that in Chile we have matured in the management of economic policy and we are not going to lose that maturity because the Central Bank is either more or less autonomous. This has been demonstrated by the fact that the government has made difficult decisions this year, such as increasing fuel prices twice and reducing public expenditures. Without an autonomous Central Bank, there would be the fear that it would finance the fiscal deficit in an inflationary manner, which is prohibited by the Constitution. The Central Bank will not do that, nor will the Treasury request the resources. What is actually happening now is that the Treasury is financing the Central Bank.

[Garcia de la Huerta] Are you talking about the debt the state has with the bank?

[Foxley] Of course. We are financing the Central Bank with hundreds of millions of dollars a year.

[Garcia de la Huerta] I can see that you miss those dollars.

[Foxley] Of course I miss them.

[Garcia de la Huerta] While the president of the Central Bank believes that a gradual reduction of tariffs will encourage exports, you believe that a reduction can only be made within the framework of bilateral agreements. How do you explain that situation?

[Foxley] It is a very simple reason. It would be a mistake to reduce tariffs now; there would be a very strong fiscal impact and the reduction in income could create a significant deficit. Also, Chile's productive sector is in a complicated situation because of the adjustment process. I believe it would be a mistake to introduce cheaper imports. From the internal point of view, no one makes unilateral concessions for reducing tariffs when the principle of negotiation is now reciprocity. We are interested in commercial links with Mexico, Venezuela, the United States, and Brazil. We should give ourselves some room to reduce tariffs after reaching agreements or to eliminate nontariff mechanisms such as the marketing order [preceding two words in English].

[Garcia de la Huerta] How do you view the dollar rate?

[Foxley] We have said that we are not going to give in to the temptation to manipulate the exchange rate to lower inflation. We are going to keep a real exchange rate to favor exports.

[Garcia de la Huerta] How do you explain the current situation of the dollar, when the official rate was even higher than that of the parallel market for a few days?

[Foxley] We are very attractive to capital, a fact that reflects the positive prospects for our economy. I believe that the solution is not in reducing tariffs but in opening more capital accounts.

[Garcia de la Huerta] Within that framework, is it possible that the AFP [Pension Fund Administrators] will be authorized to invest part of its resources abroad to stimulate dollar investment abroad?

[Foxley] In my explanation on public financing I said that we would seek mechanisms to make the investment of Chilean firms abroad more fluid. There are mechanisms, but perhaps it is necessary to make them more expedient and fluid.

[Garcia de la Huerta] Are you eliminating a revaluation or devaluation?

[Foxley] It would be absolutely senseless to revaluate. Although it might help to curb inflation, it would hurt the exporting effort, which is the key factor in our long-range vision to improve Chile's position in the world market. We would have to think about better management of the country's reserve level, which is perhaps too high.

[Garcia de la Huerta] And the possibility of a devaluation?

[Foxley] It is not necessary. In terms of the foreign currency we have and the growth rate for exports, I believe we are doing well with the current rate of exchange.

[Garcia de la Huerta] How much poorer are we because of the oil crisis?

[Foxley] About four or five percent of the national income. We meant to indicate that by reducing the public budget by that percentage. In other words, the government is adjusting to a new situation, and we are going to spend less. We believe the people should be aware of this situation and contribute however they can.

[Garcia de la Huerta] Do you believe we are in a crisis?

[Foxley] I do not see any economic crisis. I see an economy with a very solid base, with a temporary problem but a very promising future. I am not the only one who sees it that way. We should look at the attitude of international bankers, who signed several agreements with us in one week. They signed agreements worth more than $250 million in Chilean government bonds.

[Garcia de la Huerta] But you spoke about a national emergency after learning about the 4.9-percent increase in the September consumer price index and increasing fuel prices for the second time.

[Foxley] One of the frustrating things about this job is that when one makes a comment, the words are sometimes taken out of context and given a different connotation. I said that we were experiencing an international crisis as a result of the Persian Gulf conflict, and this is how the president and myself felt about the crisis abroad. I said this crisis could unleash a war and, if so, we were going to call on all sectors to study the problem together. It was a positive and constructive suggestion, but it was made to appear as if we were in a crisis and a national emergency.

[Garcia de la Huerta] Are you concerned about the current situation?

[Foxley] I am not concerned. I believe we did what had to be done.

[Garcia de la Huerta] What had to be done?

[Foxley] We are assuring investors that we will not have spiraling inflation, and we are providing security for the poor people. We are making a great social effort in the first year of this administration by increasing social expenditures for next year by $900 million.

[Garcia de la Huerta] Regarding the efforts you mentioned, are you annoyed when some sectors accuse you of continuing the policies of the previous regime?

[Foxley] I am not concerned about the adjectives used to label our actions. We are acting with great responsibility and with an eye to the future. I do not have any complex about saying that a country matures when it gathers experience and takes advantage of positive elements. We are building on the basis of the progress made by the previous government in opening up and developing exports.

[Garcia de la Huerta] How would you define your vision of the future?

[Foxley] It is the vision I described in my speech to the National Congress on the state of public finances. It is based on three elements: ensuring a macroeconomic balance, which is essential for growth; making a strong investment in the people, which is the basis of development for a modern economy; and promoting a far-reaching and improved integration of the Chilean economy into the world economy, which is essential for a small and open economy like ours.

[Garcia de la Huerta] Some people believe that the government has a good vision of the country's future but does not seem to have the same vision for managing the current situation.

[Foxley] It is incredible that only two weeks ago some people were saying that the problem with this economic team was that it did not project a vision of the future. We did project a vision of the future, and now some people are saying that we are overconcerned with the future and not concerned enough with the current situation. What do people expect?

[Garcia de la Huerta] Do you have any inflation figure for this year?

[Foxley] With the impact of the oil price increase in September and October, it will probably be around 30 percent.

[Garcia de la Huerta] What do you believe the inflation rate will be next year?

[Foxley] We believe that the inflation rate will be much lower next year. We predicted an inflation rate of 18 percent and, although it is very difficult to make a precise prediction, it will not be far from that.

[Garcia de la Huerta] Do you believe the oil crisis is temporary?

[Foxley] No one can guess what will happen with the oil crisis. As time passes one gets the impression that the crisis will last a long time.

[Garcia de la Huerta] Will that mortgage the country's economic growth in the medium term?

[Foxley] No, because as Argentine economists say, we have already established real prices. In other words, we adjusted internally to the increase in international oil prices. Also, the balance of payments situation is extremely solid. We have reserves to finance eight

months of imports. Exports continue very strong, and a massive amount of capital has come into the country.

[Garcia de la Huerta] In your opinion, what is your greatest contribution?

[Foxley] We have achieved the greatest consensus ever in Chile on economic issues, as evidenced by the Senate's approval of the tax reform by a vote of 30 to two. We reestablished the private sector's confidence in democracy by showing that democracy does not mean chaos. I believe that we made significant progress with the adjustment, although we still have a way to go. I also believe that we are establishing the base for a country with a long-range project: an internationalized and orderly economy with social justice.

Compromise Struck Over Cumplido Laws

PY1711195390 Santiago Domestic Service in Spanish 2200 GMT 13 Nov 90

[Excerpts] Alberto Espina, head of the National Renewal party bloc in the Chamber of Deputies, has said that, legally speaking, there is no chance the so-called political prisoners will be released before December as the government had hoped.

The opposition deputy made this statement as he commented on the agreements reached with the governing coalition on the so-called Cumplido Laws. Espina noted that legal procedures allowing some prisoners to be released will only be completed in January.

The National Renewal party deputy noted that among the agreements reached with the government and the Coalition of Parties for Democracy, is one establishing that sentences punishing terrorist actions or violations of state security or the arms control law will not be reduced. Moreover, the heads of military garrisons, intendants, and governors are authorized to file charges in cases of violations of the arms control law; the government's proposal only gave the Interior Ministry this power.

Regarding amendment of Article 9, Clause 3 of the Constitution, which refers to granting pardons, a distinction was made between crimes perpetrated before and after 11 March 1990. [passage omitted]

Espina noted that it was also agreed that the president of the Republic can replace a death penalty with life imprisonment. Regarding provisional freedom for those tried for violating the antiterrorist law, Article Nine of the Constitution has been permanently modified to only grant bail under the following circumstances: First, it should be granted by a unanimous decision of the corresponding appellate court; second, the justices of the court should not simply be members, but rather career magistrates; and beneficiaries will be released under surveillance—that is, they will sleep in prison.

Moreover, in the future, the president of the Republic will be able to grant pardons with the approval of only two-thirds of the deputies and senators.

Espina explained that the political agreement seeks to give the chief of state the necessary tools for achieving national reconciliation. [passage omitted]

Colombia

Defense Minister on Charges by M-19 Leader

PA1911193290 Bogota Inravision Television Cadena 2 in Spanish 0100 GMT 18 Nov 90

[Text] During a ceremony commemorating another anniversary of the National Army's Infantry Corps, Defense Minister Oscar Botero Restrepo and Armed Forces Commander General Luis Roca referred to charges made by M-19 [19 April Movement] leader Antonio Navarro Wolff against retired General Miguel Vega Uribe. Navarro Wolff accused Gen. Vega Uribe of planning his assassination. Miriam Ortiz reports.

[Begin recording] [Ortiz] At a ceremony attended by retired officers, during which several officers received service pins, Defense Minister Botero Restrepo and Gen. Roccar strongly defended retired Gen. Vega Uribe.

[Botero Restrepo] I believe that people should be careful about what they say. Such public accusations should not be made unless there is real evidence. Therefore, it is logical that in this case Navarro Wolff will have to prove his accusation or file formal charges through a lawsuit; however, if what he seeks is to gain notoriety, he should not try to obtain it this way, as it does not benefit him or Colombia's public peace and tranquillity.

[Roca] This sounds like a fairy tale to me. I wonder where this story came from. It only hurts Gen. Vega's respectability.

[Ortiz] On another subject, the military commanders announced the operation of a parallel communications system to be used in the event of sabotage by Telecom [Colombian Telecommunications Enterprise] workers on election day.

[Botero Restrepo] The Armed Forces have alternate plans using military communications facilities as well as the facilities of other state agencies to provide any services not supplied by Telecom.

[Ortiz] Finally, Botero Restrepo said that the guerrilla groups' infrastructure has been seriously affected as a result of military operations conducted during the past few hours. [end recording]

Emergency Communications Plan Set for Elections

PA1911215290 Bogota Radio Cadena Nacional in Spanish 1200 GMT 18 Nov 90

[Text] Bogota—Defense Minister General Oscar Botero Restrepo has called on Telecom [Colombian Telecommunications Enterprise] employees not to sabotage the upcoming 9 December elections to choose the members

of the National Constituent Assembly. The defense minister said he hoped that the unions will behave in a reasonable manner and will not go against the wishes of the people to vote freely. He said, however, that if Telecom employees ignore his call and decide to suspend communications in the country that day, his ministry will implement an emergency plan involving the Armed Forces and institutions that have the same capability as Telecom—that is, these institutions will be able to fill the gap left by Telecom if it refuses to work on the day of the elections.

Report on Government's Development Strategy

PA1911184890 Bogota Radio Cadena Nacional in Spanish 1200 GMT 19 Nov 90

[Text] Bogota—The internationalization of the economy, the modernization of the productive system, and institutional restructuring are the basic pillars of the development plan that the government of President Gaviria Trujillo will implement until 1994.

According to a report presented by Armando Montenegro Trujillo, director of the National Department of Planning, [six-second break in reception] interventionist system, begin an industrial reconversion strategy, and adjust the government entities to the current situation.

Montenegro stated that the executive branch is determined to tackle all fronts through a cost-reduction process, the proposed reforms, and the strenghtening of the physical, human, and technical infrastructure of the government organizations.

Paraguay

Rodriguez Returns From Japan, Comments on Trip

PY1911190090 Asuncion PATRIA in Spanish 18 Nov 90 p 7

[Excerpts] Reflecting on a visit he described as very positive and important within the framework of Paraguay's renewed and revitalized diplomacy, which seeks direct contacts among personalities from all over the world, Army General Andres Rodriguez, constitutional president and commander in chief of the Armed Forces, returned to the country early on 17 November on a regular LAP [Paraguayan Airlines] flight from Miami. The highest-ranking authorities and military men gave the president a cordial welcome. [passage omitted]

At the insistence of the many local journalists who did not travel to Japan, the chief of state gave a news conference in the airport's VIP room.

After indicating that he understood that his trip to Japan was very positive and important for our country within the framework of the crucial sphere of foreign relations, Rodriguez stated that he was fully satisfied with the results of his visit to the Empire of the Rising Sun.

"We enjoyed some very happy and emotional moments. We will never forget this visit to Japan."

Rodriguez voiced his gratitude to the Japanese Government and also expressed his "sincere thanks to the cordial and hospitable Japanese people."

He indicated that all contacts made in Tokyo were significant in every sense, and not only because his regional colleagues and friends from Argentina, Brazil, and Bolivia were attending the enthronement of Emperor Akihito.

It is hoped that the talks and meetings held in Tokyo with high- ranking Japanese authorities will lead to the disbursement of two loans totaling $150 million that have already been granted to the country. The loans, one of which is for $80 million and the other for $70 million, will be used for highway construction and in the agro-industrial sector.

Through direct negotiations the chief of state obtained valuable donations to equip the new military hospital. These donations were made by two private Japanese enterprises.

The enthronement of the new Japanese emperor allowed the Paraguayan presidential delegation to establish contacts and dialogue with personalities from 160 countries. [passage omitted]

Minister Asserts Foreign Debt 'Must Be Paid'

PY1711121490 Asuncion NOTICIAS in Spanish 14 Nov 90 p 10

[Text] Industry and Commerce Minister Antonio Zuccolillo has called the IMF an "international money collector," and he has indicated that our foreign debt, including fraudulent debts—the Gramont case for example—must be paid. If they are not paid, the international banking sector will stop all types of financing and credit.

In addition, the minister harshly questioned the agreement signed with the IMF, stating: "To stop inflation we will have to sacrifice agricultural and industrial production." Zuccolillo emphasized that the IMF seems to be more of an "international money collector" than an institution that should support developing countries.

The IMF agreement was a step that had to be taken to finance our debt with the private banks and the Paris Club. Many of our obligations come from the fraudulent overruns of state enterprises such as INC [National Cement Industry] and Acepar [Paraguayan Steel, Inc.] and the case of Gramont Berres and his Rossi Enterprise, where it has been proven that large embezzlements from public coffers have occurred.

Zuccolillo made these remarks when his ministry's budget was being studied in the Senate.

On many occasions Zuccolillo has requested financing for the private production sector, agriculture and

industry, and he stated: "We are in a bottleneck, and we are strangled by a lack of money. It is not true that there is excessive liquidity; there is a lack of liquidity in financing important production sectors, such as the industrial sector," he emphasized.

"Financing for the production sector is necessary. Without production there is recession, and with recession there is unemployment, which leads to poverty," the minister said. The minister has always expressed his intention of privatizing the state apparatus.

He also indicated that inflation comes from the Central Bank's financing of deficit-ridden public enterprises. The excess of money caused by inflation is a result of the fact that the Central Bank must pay for "pharaonic" projects such as INC [not futher identified], Acepar, and the Central Hospital, he stressed.

He also proposed the idea of "repatriating" the dollars that the Central Bank has deposited in U.S. banks so they can be funneled into the private production apparatus so it can finance its projects.

Zuccolillo also said that his disagreements with the economic team, of which he is a member, are based on the fact that he does not agree with the policy of money curtailment, which prevents obtaining money for the productive sectors, agriculture, and livestock.

The "false promises" of foreign countries were also questioned on 13 November by Zuccolillo, who referred to negotiations with the Japanese Government to renew that country's financial assistance to Paraguay.

"In April they told us that if we paid the pending $14 million of the foreign debt, they would disburse $160 million in credits for the Agriculture Ministry and the MOPC [Public Works and Communications Ministry]."

We paid the $14 million, he continued, but we have not received one cent. He then added: "Ambassador Nakasone returned to his country, and another diplomat arrived and stated that if we paid the accumulated 2.5 million [currency not specified], then the famous 60.170 million [currency not specified] would be disbursed." [sentence as published]

Zuccolillo maintains that we should force those countries (referring to those that offer us assistance) to compensate us through the purchase of our products. He gave a clear example when he cited the fact that Paraguay has imported $85 million in Japanese products, while it has only exported $2 million. "The situation is dramatic," he emphasized.

The minister pointed out the need for our representatives abroad to implement an intelligent policy on diplomatic and trade relations, citing as an example Brazil, which does not pay cash for its purchases, but pays with products by using the compensated trade system.

Foreign Minister Open to Relations With Poland

PY1711135490 Asuncion ABC COLOR in Spanish 13 Nov 90 p 11

[Text] Justice and Labor Minister Hugo Estigarribia Elizeche, who is acting foreign minister, did not reject the possibility of establishing diplomatic relations with East European countries in the future. He made it clear, however, that at this time, talks are being started to seek only trade links.

Referring to a Polish trade mission that arrived on 11 November, the minister stated: "It is a principle of courtesy to receive foreign personalities; in this case, Polish authorities."

"At this time diplomatic relations do not exist with that country, but this does not mean the possibility of beginning trade relations that could result in diplomatic relations cannot be rejected," he explained.

Asked whether the meeting he will have with the mission could be seen as a government opening toward the East European countries, he said: "As a natural courtesy of our country I am obliged to meet with them and talk with them as acting foreign minister."

Asked whether there is interest in establishing relations with Poland at this time, he stated that Polish products are being sold in our country "and products from other countries, such as the Soviet Union, are also being promoted." "Thus, from a trade viewpoint, I believe these types of relations can be important," he said.

Polish Mission on Diplomatic, Trade Relations

PY1711131290 Asuncion ABC COLOR in Spanish 13 Nov 90 p 11

[Text] Poland, through an official mission that is visiting our capital, has proposed to Paraguay that the two countries establish diplomatic and trade relations. Krzysztof Jakubiszyn, director of cooperation with area III of the Ministry of Foreign Economic Relations (ministerial rank), and Czeslaw Bugajski, chief of the Latin American Division [name and title as published], gave this message to Oscar Cabello, Foreign Ministry general affairs under secretary, on 12 November.

The official Polish mission began its activities on 12 November, when it met with Cabello and Bilateral Affairs Director Bernardo Cocian. At the end of the meeting, Jakubiszyn made known the contents of the message he had submitted to the Foreign Ministry. "The official mission that Poland has sent to Paraguay has two objectives: The first one is to propose to this country the normalization of diplomatic-political relations between our nations, and at the same time, to report that the Polish Government is already willing to take this step."

"The second motive is to look into the possibility of establishing trade relations. We believe that there are

good prospects for a rewarding trade exchange," Jakubiszyn added when answering the questions of the press.

He also commented that the proposal had been received with all respect, and that it is the Paraguayan authorities that must now answer at their convenience.

After stating that Poland is now a free market country, the head of the mission said his country can offer Paraguay advanced technology machinery and equipment for the mining sector, civil construction, food industry, and mills, etc. He also stated that his country has a high production rate and can meet demands for fishing vessels, river transport barges, planes for use in the agricultural sector, highway and railway construction machinery, and transformer stations and domestic appliances for the electric sector.

"The range is extensive because this can always include the integration of mixed capital and joint ventures" [preceding two words in English], he added.

Although he acknowledged that the information they have on Paraguay is sparse, he said his country is interested in "soybeans, cotton, leather products, textiles, and other products that will emerge from a more profound evaluation of the local market."

Finally, Jakubiszyn indicated that Paraguay would not have to face tariff barriers to enter the Polish market. "Our tariffs, which do not have a protectionist tendency, average approximately 8.5 percent. But the main thing is to achieve communication through diplomatic relations, which will help everything else," he emphasized.

Today at 1000 the Polish mission will met with Feprinco [Production, Industry, and Commerce Federation], at 1400 with executives of the Conempa [Consortium of Paraguayan Construction Companies] Enterprise, at 1600 with Industry and Commerce Minister Antonio Zuccolillo, and at 1700 with the Paraguayan Industrial Union.

New Colorado Party Faction Created

PY2011013090 Asuncion ABC COLOR in Spanish 16 Nov 90 p 4

[Text] The Democratic Traditionalism [Tradicionalismo Democratico] (Trademo) was officially created yesterday as an internal movement of the ANR [National Republican Association—Colorado Party]. A report was released on the organizational structure of the movement at a meeting at a downtown hotel. The report also gives details on a trip that members of the group's executive committee will make to Venezuela, where they will meet with Venezuelan President Carlos Andres Perez, congressmen, union leaders, and business representatives.

"With these meetings we hope to open new doors to the world for the Colorado Party," said Deputy Eugenio Sanabria Cantero in explaining the objectives of the trip, which will take place from 19 to 24 November. Sanabria Cantero is the Trademo's coordinator general.

Trademo members claim that the official founding of the movement does not signify an "imminent departure" from the Democratic Alliance. On the contrary, it implies "that there is no doubt about the Trademo's support for that democratic group. That is not under discussion," stated Carlos Podesta, coordinator of the Intersectorial Relations Commission.

Engineer Rodolfo Gill Duarte said that "all Colorado Party members with clean records" will be accepted into the movement.

He added that "the Colorado Party will be in power for 30 or 40 more years, although some citizens may not like it."

Senator Blas N. Riquelme will serve as president of the movement, while the top authority will be made up of the National Council of Directors [Consejo Directivo Nacional] (CDN), which is equivalent to the ANR Convention, according to some leaders.

The CDN is a deliberative and decision-making organization. The executive committee, which will have 15 members, will be headed by Eugenio Sanabria Cantero.

Several commissions have been established, including planning and organization; policy and doctrine; administration, finance, and logistics; social communications; and intersectorial relations. Rodolfo Gill Gonzalez, Bernardino Cano Yegros, Gustavo Diaz de Vivar, Artemio Vera, and Carlos Podesta, respectively, will serve as coordinators of the various commissions.

Uruguay

Lacalle, Ecuador's Borja Ratify Declaration

PY1711192790 Montevideo LA HORA POPULAR in Spanish 6 Nov 90 p 10

[Text] Uruguayan and Ecuadoran Presidents Luis Alberto Lacalle and Rodrigo Borja, respectively, have ratified the terms of the joint declaration signed by their foreign ministers on 21 September when Uruguayan Foreign Minister Hector Gros Espiell paid an official visit to Ecuador. On that occasion the two foreign ministers emphasized the institutionalization of annual meetings between the Uruguayan and Ecuadoran under secretaries of foreign relations in order to facilitate the implementation of bilateral cooperation agreements and consultation on and coordination of priority issues on the international agenda of both governments.

The two presidents expressed their great interest in President George Bush's Americas Initiative, which was considered a positive proposal for the establishment of more equitable hemispheric relations emphasizing the relationship trade has with investments and the foreign debt. This reflects a renewal of U.S. interest in its links with Latin America. In this regard, the two presidents

expressed their hope that the proposal will turn into concrete action in the near future.

The two presidents also emphasized the importance of the fourth meeting of the Rio Group held on 11 and 12 October 1990. They expressed their support for the Caracas Declaration by reaffirming its content and decisions. They attached special importance to the work carried out by the Rio Group as a permanent mechanism of consultation and political agreement as well as a valid representative before countries or groups of countries outside the region. They emphasized that the Rio Group has been strengthened and enriched with the participation of new members such as Ecuador.

The two presidents also noted the importance of the Uruguayan Round of the GATT multilateral commercial negotiations and hoped that the negotiations will lead to the liberalization of trade in agricultural products, textiles, and natural resources by-products as a condition for the existence of free, open, and nondiscriminatory international trade. The two presidents expect the negotiations to be an important factor for greater development and growth.

They said that the foreign debt problem continues to undermine the economic and social basis of the Latin American countries and called for a political solution to this problem.

The two presidents also praised the efforts toward subregional integration being carried out by the Andean Pact and Southern Cone countries, and noted that these countries should next try to strengthen cooperation among the subregional countries in order to achieve the integration of all countries in the region.

They expressed their satisfaction with the signing of the following agreements: "Complementary Agreement to the Basic Agreement on Scientific and Technical Cooperation" and "Administrative Agreement on Social Security."

The declaration includes other issues such as the instrumentation of mechanisms to balance and strengthen commercial trade and clauses related to the struggle against drug trafficking, protection of the environment, integration of Ecuador into the Antarctic Treaty, scientific exchange, the second regional conference on poverty in Latin America, which will be held 20-23 November in Quito, and other bilateral issues.

Minister Discusses Security for Bush Visit

PY1611220490 Montevideo LA HORA POPULAR in Spanish 7 Nov 90 p 3

[Text] Interior Minister Andres Ramirez denied yesterday that the government has declared a "red" alert due to the upcoming visit to our country by U.S. President George Bush.

After his usual weekly meeting with President Lacalle, Ramirez said that the security measures that will be implemented will be the same ones that were in effect during recent visits of other heads of state.

Ramirez said, however, that in this case measures could be implemented as necessary.

Ramirez said that security forces will check all the areas the President will visit and his lodgings, as was done during the visit of Ecuadoran President Rodrigo Borja.

The minister explained that an explosion at an intersection near the Interior Ministry has affected the electric streetlight system. Ramirez noted that experts had determined that the explosion was not due to any explosive substance or bomb.

The minister said that the explosion was probably due to a concentration of gases which was set off by a spark produced by the streetlight wiring.

The interior minister denied there were signs of anything else, adding that Materiel and Arms Service experts and the National Fire Fighters Directorate had reached the same conclusion.

Ramirez said the explosion could also be due to leaks in the gas service, but Gas Company technicians denied that possibility.

The interior minister concluded by saying that the gas could have filtered from the sewage system or from any other source.

Creditors Reject Debt Repurchase Proposal

PY1611223690 Montevideo LA HORA POPULAR in Spanish 6 Nov 90 p 2

[Text] According to the weekly CRONICA ECONOMICAS, creditor banks holding nearly $1.6 billion of Uruguay's public debt have rejected the country's debt repurchase proposal.

According to the publication, the banks that hold the largest percentage of the debt have rejected Uruguay's formula, offering instead to extend the debt's maturity to 30 years with a 6.75-percent interest rate and to provide fresh funds.

It was reported yesterday that Uruguay will insist on repurchasing part of the debt to reduce the total, which currently amounts to approximately $7 billion, and that the country is willing to pay up to 55 percent of the nominal value of the debt titles.

Brazil's Rezek Comments on GATT, Rio Group

PY1711013090 Montevideo Radio El Espectador Network in Spanish 1500 GMT 16 Nov 90

[Report by Danilo Pallares]

[Text] Brazilian Foreign Minister Francisco Rezek, who is visiting Montevideo, went to ALADI [Latin American Integration Association] headquarters at noon today.

Addressing the people there, he said that Brazil is not optimistic about the achievements of the Uruguay Round of GATT talks. He was optimistic, however, about President Bush's work for Latin America.

Rezek also pointed out that he was satisfied with how the Rio Group is working because, with a reduced administrative infrastructure, members have smoother relationships with each other.

Speaking to El Espectador, Rezek said the following:

[Begin recording, in progress] [Rezek] ...the interest shown by the United States toward Latin America has fostered among other nations—the EEC [as heard] for example—the very important idea of finally giving this part of the world the attention it deserves.

[Reporter] What is your view of the Rio Group's present and future tasks?

[Rezek] I believe that the Rio Group has been more than successful. It now has an ideal structure; it includes the Latin American Republics of South America and also Mexico. We established the balance that we wanted in America. And we already have—we will have—observers from Central America and the Caribbean as well.

The Rio Group is operating so well precisely because it is informal, because it does not have a [word indistinct], because it does not have a budget, and because it is not trying to achieve more than it intended to achieve from the (?very outset).

[Reporter] What does Brazil expect from the Uruguay Round of GATT talks?

[Rezek] We are not very optimistic now [words indistinct] sincerely. Things seem to be a little bleak, but let us hope that reason will prevail.

Prospects now are dim, but it would be particularly disastrous if Western bloc countries do not realize how important it would be to us for them to soften their policy of subsidizing exports of agricultural products.

I believe that we will meet halfway, that we will achieve a balance between the two positions, and that the Uruguay round of talks will not be a failure. [end recording]